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1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 Case No. 22-10964-mg

4 _____ x

5 In the Matter of:

6

7 CELSIUS NETWORK LLC

8

9 Debtor.

11

12 | United States Bankruptcy Court

13 One Bowling Green

14 New York, NY 10004

15

16 | September 1, 2022

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21 B E F O R E :

22 HON MARTIN GLENN

23 U.S. BANKRUPTCY JUDGE

24

25 ECRO: F. FERGUSON

Page 2

1 HEARING re Hearing Using Zoom for government re: Debtors' Ex
2 Parte Motion Pursuant to Section 107 of the Bankruptcy
3 Code Seeking Entry of an Order (1) Authorizing the Debtors
4 to Redact Certain Personally Identifiable Information
5 from the Creditor Matrix, Schedules and Statements, and
6 Related Documents and (II) Granting Related Relief
7 filed by Joshua Sussberg on behalf of Celsius Network LLC.
8 (Doc ## 344, 364, 389, 399, 600, 607, 633, 638, 642, 643)

9

10 HEARING re Hearing Using Zoom for Government RE: Motion to
11 (A) Continue to Operate Their Cash Management System,
12 (B) Honor Certain Prepetition Obligations Related Thereto,
13 (C) Maintain Existing Business Forms, and (D) Continue to
14 Perform Intercompany Transactions, (II) Granting
15 Superpriority Administrative Expense Status to
16 Postpetition Intercompany Balances, and (IIT) Granting
17 Related Relief (Doc## 56, 401, 448, 479, 513, 592, 626,
18 643)

19

20 HEARING re Hearing Using Zoom for Government RE: Debtor's
21 Motion Seeking Entry of (I) an Order (A) Approving Bidding
22 Procedures for the Potential Sale of Certain of the Debtors
23 Assets, (B) Scheduling Certain Dates with Respect
24 Thereto, (C) Approving the Form and Manner of Notice
25 Thereof, (D) Approving Bid Protections, (E) Approving

Page 3

1 Contract Assumption and Assignment Procedures, (II) an Order
2 Authorizing the Debtors to Enter into A
3 Definitive Purchase Agreement, and (IID) Granting Related
4 Relief. (Doc## 188, 192, 357, 409, 430, 445, 626)

5

6 HEARING re Hearing Using Zoom for Government RE: Motion for
7 Relief for aN Exemption From the Automatic Stay.
8 (Document No. 342, 590, 597, 609, 610, 618, 620, 625, 626,
9 655)

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11 HEARING re Hearing Using Zoom for Government RE: Debtor's
12 Motion to Approve Procedures for De Minimis Asset
13 Transactions (Doc ## 189, 400, 402, 429, 448, 499, 626)

14

15 HEARING re Hearing Using Zoom for Government RE: Motion (I)
16 Authorizing the Debtors to (a) Pay Prepetition Employee
17 Wages, Salaries, Other Compensation, and Reimbursable
18 Expenses and (b) Continue Employce Benefits
19 Programs and (11) Granting Related Relief (Doc## 61, 19,
20 192, 357, 402, 409, 413, 448, 518, 613. 626, 636, 643).

21

22 HEARING re Hearing Using Zoom for Government RE: Application
23 to Employ Akin Gump Strauss Hauer & Feld LLP as Special
24 Litigation Counsel filed by Joshua Sussberg on behalf of
25 Celsius Network LLC. (Doc # 392, 601, 626, 649, 656)

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1 HEARING re Hearing Using Zoom for Government RE: Debtors'
2 Application for Entry of an Order Authorizing the Retention
3 and Employment of Kirkland & Ellis LLP and Kirkland & Ellis
4 International LLP as Attorneys for the Debtors and Debtors
5 in Possession Effective as of July 13, 2022. (Doc # 360,
6 364, 374, 389, 561, 601, 626, 628, 629, 637, 638, 643)

7

8 HEARING re Hearing Using Zoom for Government RE: Application
9 to Employ Latham & Watkins LLP as Special Counsel
10 filed by Joshua Sussberg on behalf of Celsius Network LLC.
11 (Doc ## 363, 364, 374, 389, 440, 601, 626, 643, 645, 647)

12

13 HEARING re Hearing Using Zoom for Government RE: Application
14 to Employ Stretto. Inc. as Administrative Advisor to the
15 Debtors and Debtors in Possession Effective as of July 13,
16 2022. (Doc ### 361, 364, 374, 389, 601, 626, 643)

17

18 HEARING re Hearing Using Zoom for Government RE: Application
19 to Employ Alvarez & Marsal North America, LLC as
20 Financial Advisor filed by Joshua Sussberg on behalf of
21 Celsius Network LLC. (Doc ## 410, 601, 643}

22

23 HEARING re Hearing Using Zoom for Government RE: Debtors' Ex
24 Parte Motion Seeking Entry of an Order (1) Authorizing
25 the Debtors to File Under Seal the Names of Certain

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1 Confidential Parties in Interest Related to the Debtors'
2 Potential Sale of Certain Assets and (II) Granting Related
3 Relief Notice of Hearing of Debtors Ex Parte Motion
4 Seeking Entry of an Order (1) Authorizing the Debtors to
5 File Under Seal the Names of Certain Confidential
6 Parties in Interest Related to the Debtors Potential Sale of
7 Certain Assets and (II) Granting Related Relief. (Doc#
8 457, 380, 626, 643)

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10 HEARING re Hearing Using Zoom for Government re: Second
11 Motion to Extend Deadline to File Schedules or Provide
12 Required Information. (Doc# 431, 626, 57, 643)

13

14 HEARING re Hearing Using Zoom for Government RE: Motion
15 Authorizing the Debtors to Prepare a Consolidated List of
16 Creditors in Lieu of Submitting A Separate Mailing Matrix
17 for Each Debtor, (ID Authorizing the Debtors to File
18 A Consolidated List of the Debtors Fifty Largest Unsecured
19 Creditors, (II Authorizing the Debtors to Redact
20 Certain Personally Identifiable Information, (IV) Approving
21 the Form and Manner of Notifying Creditors of
22 Commencement, and (V) Granting Related Relief. (Doc ## 18,
23 55, 357, 445, 626, 643)

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1 **HEARING re Doc# 676 Amended Notice of Agenda Amended Agenda**
2 **for Hearing to Be Held September 1, 2022, at 10:00**
3 **A.M. (Prevailing Eastern Time)**

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25 **Transcribed by: Sonya Ledanski Hyde**

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1 A P P E A R A N C E S :

2

3 KIRKLAND & ELLIS LLP

4 Attorneys for the Debtor

5 1301 Pennsylvania Avenue NW

6 Washington, DC 20004

7

8 BY: JUDSON BROWN

9

10 KIRKLAND & ELLIS LLP

11 Attorneys for the Debtor

12 300 N. LaSalle

13 Chicago, IL 60654

14

15 BY: ROSS KWASTENIET

16 HEIDI HOCKBERGER

17

18 KIRKLAND & ELLIS LLP

19 Attorneys for the Debtor

20 601 Lexington Avenue

21 New York, NY 10022

22

23 BY: SIMON BRIEFEL

24

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1 WHITE & CASE LLP

2 Attorneys for the Official Committee of Unsecured

3 Creditors

4 111 South Wacker Drive, Suite 5100

5 Chicago, IL 60606

6

7 BY: GREGORY F. PESCE

8

9 WHITE & CASE LLP

10 Attorneys for the Official Committee of Unsecured

11 Creditors

12 200 South Biscayne Blvd., Suite 4900

13 Miami, FL 33131

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15 BY: TRUDY SMITH

16

17 WHITE CASE LLP

18 Attorneys for the Official Committee of Unsecured

19 Creditors

20 555 South Flower Street, Suite 2700

21 Los Angeles, CA 90071

22

23 BY: AARON COLODNY

24

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1 TROUTMAN PEPPER HAMILTON SANDERS LLP

2 Attorneys for Ad Hoc Group of Withhold Account Holders

3 4000 Town Center, Suite 1800

4 Southfield, MI 48075

5

6 BY: DEBORAH KOVSKY-APAP

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8 DANIEL A. FRISHBERG, Pro Se Movant

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1 P R O C E E D I N G S

2 CLERK: All right. Starting the recording for
3 September 1, 2022 at 10 a.m., calling Celsius Network, Case
4 Number 22-10964. Is there counsel for Kirkland on the line?
5 All right. Any counsel from Kirkland?

6 MR. PESCE: I see at least Judson Brown from K and
7 E is on the line.

8 CLERK: Right.

9 MR. BROWN: Hey, Greg. This is Judson Brown from
10 K and E. I'm here. But it doesn't look like my bankruptcy
11 colleagues have joined yet. I'm sure they will be joining
12 soon.

13 CLERK: All right. Do you happen to know if
14 they're going to do like a conference room or if people are
15 joining individually?

16 MR. BROWN: My understanding is they're joining by
17 conference room, one in Chicago and then a separate one in
18 New York.

19 CLERK: Okay, that's helpful. And it's just
20 yourself that's going to be joining, that joined separately?

21 MR. BROWN: I think so, but I can't guarantee it.
22 I'm in a different office and I think that I am the only one
23 outside of Chicago and New York but I can't promise.

24 CLERK: I understand. All right, thank you.

25 MR. BROWN: Sure.

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1 CLERK: All right. So the counsel that I have on
2 the roster that is joining from Kirkland is as follows:
3 Simon Briefel, yourself, Mr. Brown, Susan Golden, Heidi
4 Hockberger, Elizabeth Jones, Ross Kwasteniet, my apologies
5 if I got the name wrong, Joshua Sussberg, Jenny Wilson and
6 Alison Wirtz. And everyone else would be listen only.

7 All right. Do we have counsel for the Official
8 Committee of Unsecured Creditors on the line?

9 MR. PESCE: Yes, it's Greg Pesce, White and Case.
10 I'm on and it looks like a couple of colleagues that will be
11 speaking with me today are also on the line and we can
12 identify them if that's helpful.

13 CLERK: Please do.

14 MR. PESCE: I'll be giving an opening remarks and
15 then my colleagues, Trudy Smith and Aaron Colodny will be
16 speaking as well and they're on the Zoom as well.

17 THE COURT: Thank you.

18 MR. COLODNY: Can you hear me? I just want to
19 check. This is Aaron.

20 CLERK: Yes, Aaron. Thank you.

21 MR. COLODNY: Thank you so much.

22 MR. PESCE: Miss Smith, you should check your
23 audio.

24 MS. SMITH: Sure. Can everyone hear me all right?

25 CLERK: Yes, yes, we can. Thank you.

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1 MS. SMITH: Perfect, thank you.

2 CLERK: All right, Mr. Frishberg.

3 MR. FRISHBERG: I'm here.

4 CLERK: If you could just give your appearance for
5 the record, just state how you're related in the case.

6 MR. FRISHBERG: Yes I am the movant. Basically, I
7 made a motion to the Court for an exemption from the
8 automatic stay. It is Docket Number 342.

9 CLERK: Okay. All right, thank you. Your
10 appearance is noted. All right. Alexandra Barrage, are you
11 going to be speaking this morning? All right, I'll come
12 back to you. Okay, it looks like the conference rooms for
13 Kirklands, those are joining. We might need to give them a
14 minute. All right, has anyone from Kirkland joined besides
15 Mr. Brown? All right again, Alexandra, are you going to be
16 speaking this morning? I know that you joined. You might
17 have dropped off though. Just waiting for our participants
18 to join.

19 All right, let's try this again. Are there -- is
20 there any additional counsel from Kirkland's that have
21 joined? I believe Ms. Jones has.

22 K.E. TECH: Yes. Hi, this is Kirkland's. I'm
23 setting something up for Elizabeth Jones.

24 CLERK: Okay.

25 K.E. TECH: All right. How do we sound? Do we

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1 sound clear? Everything sounds good to you?

2 CLERK: Yes it does, yes, it does, thank you.

3 K.E. TECH: I appreciate it, thank you.

4 CHICAGO KIRKLAND: We also have Kirkland and Ellis
5 Chicago over here. Can you hear this room?

6 CLERK: Yes, I can. Who is going to be appearing
7 in Chicago?

8 CHICAGO KIRKLAND: Ross Kwasteniet and Heidi
9 Hockberger.

10 CLERK: Okay. Great. Thank you. Also is there a
11 K.E. Tech? Is that Kirkland and Ellis?

12 K.E. TECH: Yes, I'm not sure which room.

13 CHICAGO KIRKLAND: Yes. That's Kirkland and Ellis
14 Chicago as well.

15 MR. BRIEFEL: Hi. This is Simon Briefel from
16 Kirkland and Ellis and I also wanted to make an appearance
17 for the hearing today.

18 CLERK: Thank you, Simon. All right. Are there
19 any participants that have joined that have not given their
20 appearance and will be speaking this morning?

21 MS. KOVSKY: Good morning. This is Deb Kovsky
22 from Troutman Pepper for the Ad Hoc Group of Withhold
23 Account Holders.

24 CLERK: Thank you. Anyone else? All right,
25 Francis, can you pause the recording for now? The party

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1 that dialed in with the 212-906-1849 number, is that a party
2 from Latham and Watkins?

3 MS. REILLY: Yes, this is Annemarie Reilly.

4 CLERK: Okay. You have a bit of an echo, Ms.
5 Reilly.

6 MS. REILLY: Is that better?

7 CLERK: It's still echoing. I'll re-mute you.
8 All right. Ms. Reilly, do you want to try speaking again?
9 Are you speaking this morning? Ms. Reilly, can you unmute
10 and try to speak again?

11 MS. REILLY: Can you hear me?

12 CLERK: Yes, I can. I just wanted to know if
13 you're speaking on the record this morning?

14 MS. REILLY: I'm here to answer questions, if
15 necessary, but I don't believe I'll need to speak.

16 CLERK: All right. Thank you very much.

17 K.E. TECH: Ms. Hyde, this is Kirkland for
18 Elizabeth Jones. We have another person that's going to be
19 presenting from a different room. Right now we're in a
20 waiting room. Is there a way that you guys can let that
21 room in? It says 51E on the list?

22 CLERK: Yes, I just admitted them.

23 K.E. TECH: Okay. I'm going to go back over there
24 and change the camera and stuff like that to make sure we
25 can get in. Thank you.

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1 CLERK: Okay. Thank you. Is there a conference
2 room for Kirkland that just joined? I'll give them a
3 minute. All right, Ms. Milligan, can you hear me? Leila?

4 MS. MILLIGAN: Good afternoon -- good morning. I
5 can hear you. Thank you.

6 CLERK: Yes. If you could just give your
7 appearance for the record.

8 MS. MILLIGAN: Leila Milligan with the Texas
9 Attorney General's Office on behalf of the Texas State
10 Securities Board.

11 CLERK: Thank you. All right. Are there any
12 parties that have joined that will be speaking this morning
13 and have not given their appearance? Mr. Bixler, are you
14 speaking?

15 MR. BIXLER: I would defer to Kirkland on that.
16 It's Holden Bixler. I'm with Alvarez and Marsel, financial
17 advisor to the Debtor.

18 CLERK: Okay. Thank you.

19 MR. KWASTENIET: Hi. It's Ross Kwasteniet from
20 Kirkland. Can you hear me.

21 CLERK: You're a bit low, Ross.

22 MR. KWASTENIET: Okay. I'll try to speak up or
23 move a microphone closer. Is that any better?

24 CLERK: That's a little bit better, but it's still
25 a bit low.

1 MR. KWASTENIET: Okay. So Mr. Bixler has
2 submitted a declaration. If his declaration goes into
3 evidence without opposition, then he won't testify. But if
4 the Judge or any other party has questions for Mr. Bixler,
5 then, you know, he is online and ready to testify. We're
6 not planning to call him affirmatively unless somebody has a
7 question about his declaration.

8 CLERK: All right. Please make that clear so we
9 can take the oath if necessary.

10 MR. KWASTENIET: Yes. Certainly, if we call Mr.
11 Bixler, I would envision we would address swearing in at
12 that time.

13 CLERK: All right. Thank you so much.

14 MR. KWASTENIET: Thank you.

15 CLERK: All right. Are there any additional
16 participants have been admitted and are speaking this
17 morning, but have not given their appearance? All right.
18 There are any participants who will be speaking this morning
19 and have not given their appearance yet? Good morning, Ms.
20 Cornell, have you joined yet?

21 MS. CORNELL: Good morning.

22 CLERK: Good morning. If you could just give your
23 appearance for the record, please?

24 MS. CORNELL: Sure. This is Shara Cornell on
25 behalf of the Office of the United States Trustee.

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1 CLERK: All right. Are any other --

2 MS. CORNELL: Can you see my video?

3 CLERK: I'm looking for you. I don't believe so.

4 MS. CORNELL: Okay, if you don't mind, I'm going
5 to try to restart. I'm just having a couple of technical
6 problems if you don't mind.

7 CLERK: That's not a problem.

8 MS. CORNELL: Thank you very much.

9 CLERK: You're welcome. All right. Mr. Hurley,
10 have you joined?

11 MR. HURLEY: I have. Good morning. Can you hear
12 me?

13 CLERK: Yes I can. If you could just give your
14 appearance for the record, please?

15 MR. HURLEY: Sure. Mitch Hurley with Akin Gump
16 Stauss Hauer and Feld on behalf of the Debtors, in
17 connection with our application to be retained on behalf of
18 the Debtors.

19 CLERK: All right, thank you. Is Dean Chapman
20 also going to be joining this morning?

21 MR. HURLEY: I believe he'll be joining in a few
22 minutes.

23 CLERK: Thank you.

24 CHICAGO KIRKLAND: Hello, testing. This is
25 Chicago. We're just making sure the microphone works

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1 better.

2 CLERK: Yes, I can hear you.

3 CHICAGO KIRKLAND: Does this microphone sound
4 better than the previous one?

5 CLERK: Yes.

6 CHICAGO KIRKLAND: All right.

7 CLERK: I can see you now, Shara, if you could
8 unmute and just give your appearance.

9 MS. CORNELL: This is Shara Cornell on behalf of
10 the Office of the United States Trustee. Thank you.

11 CLERK: Thank you. Are any other parties from the
12 US Trustee's Office going to be joining this morning?

13 MS. CORNELL: I believe Mark Bruh will be joining.

14 CLERK: Okay. All right, thank you.

15 MS. CORNELL: Thank you.

16 NEW YORK KIRKLAND ELLIS: This is Kirkland Ellis in
17 New York. Can you guys hear from this room?

18 CLERK: You're a little bit low.

19 NEW YORK KIRKLAND ELLIS: Little bit low?

20 CLERK: Yes.

21 NEW YORK KIRKLAND ELLIS: Hang on. Is that any
22 better?

23 CLERK: It's a little bit better. You're clear
24 though, you're speaking clearly.

25 NEW YORK KIRKLAND ELLIS: I'll make sure when the

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1 presenter comes up, I'll tell him to speak up a little bit.

2 CLERK: All right, thank you.

3 NEW YORK KIRKLAND ELLIS: Okay, thanks.

4 CLERK: All right. Are there any participants
5 that have joined that are speaking on the record and have
6 not given their appearance yet? Again, any parties that are
7 speaking on the record this morning and that have not given
8 their appearance yet?

9 All right. I'm going to go through some
10 of the firms that signed up for the hearing just to see if
11 anyone has joined yet. Has counsel from Milbank on behalf
12 of the Series B Preferred Shareholders joined?

13 All right. Have counsel on behalf of the Ad Hoc
14 Group of Custodial Account Holders from Togut, Segal and
15 Segal, have they joined?

16 Has counsel from Jones Day joined? All right.
17 Again, are there any parties that have joined this morning
18 that will be speaking on the record and have not yet given
19 an appearance? All right, Mr. Mester, are you going to be
20 speaking this morning? Mr. Mester, are you going to be
21 speaking on the record this morning?

22 MR. MESTER: Good morning. I don't believe that
23 will be necessary today.

24 CLERK: Okay, thank you. All right. Any parties
25 that have joined and are speaking on the record this morning

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1 that have not given their appearance yet?

2 MR. ADLER: Yes, it's David Adler from McCarter
3 English. I may speak, but it would be very briefly.

4 CLERK: All right, thank you, Mr. Adler. Mr.
5 Leblanc, he's joining. Good morning, Mr. Leblanc. Are you
6 going to be speaking this morning?

7 MR. LEBLANC: I think it is unlikely but I might
8 as well register just in case.

9 CLERK: Please give your appearance. Thank you..

10 MR. LEBLANC: Sure. Andrew Leblanc of Milbank LLP
11 on behalf of Certain Preferred Equity Holders.

12 CLERK: All right, thank you. Are any of your co-
13 counsel going to be speaking this morning?

14 MR. LEBLANC: I don't expect so, though Mr. Dunn,
15 Dennis Dunn will be on the line.

16 CLERK: Okay. All right. I do not see him yet.
17 Thank you.

18 MR. LEBLANC: Thank you.

19 CLERK: Okay. Absolutely. Okay. All right. Is
20 there -- if anyone could from Kirkland could answer this --
21 is there a someone from your firm with a 312 number area
22 code that's trying to dial in? Hi. Is anyone from Kirkland
23 on the line?

24 MR. KWASTENIET: Hi. It's Ross Kwasteniet from
25 Kirkland. Can you hear me?

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1 CLERK: Yes, I can.

2 MR. KWASTENIET: I think that Kirkland would be
3 the likely suspect for a 312 phone number. That is the
4 Chicago area code. I'm not aware of anybody else on the
5 Kirkland side who would have a speaking role for today, so
6 it's possible that somebody's trying to dial in to listen to
7 the hearing, but we have all the presenters, you know, here
8 in conference rooms and we've all made our appearances,
9 anybody who's going to speak today.

10 CLERK: All right, thank you.

11 MR. KWASTENIET: And I just wanted to check is the
12 audio stronger and clearer? I received a number of emails
13 from folks saying that they couldn't hear us previously.

14 CLERK: Yes, very clear.

15 MR. KWASTENIET: Okay, Thank you.

16 CLERK: All right. Mark Bruh, Mark, are you on
17 the line?

18 MR. BRUH: Yeah, I'm here. I'm just getting my
19 video and audio set up.

20 CLERK: Okay. Your appearance on behalf of the
21 U.S. Trustee is noted.

22 MR. BRUH: Thank you.

23 CLERK: Elizabeth Beitler, are you going to be
24 speaking this morning?

25 MS. BIETLER: No, I should have a listen only

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1 line.

2 CLERK: Okay. Thank you. Mr. Ortiz, are you
3 going to be speaking this morning?

4 MR. ORTIZ: Good morning, Deanna. Yes, I plan to
5 speak on behalf of the Ad Hoc Group of Custodial Account
6 Holders.

7 CLERK: Okay. Thank you. Is David Little or
8 Brian Kotliar, are either of them going to be joining as
9 well?

10 MR. KOTLIAR: Hi, good morning, Deanna. I'm on, I
11 don't plan to speak, but I am also appearing on behalf of
12 the Ad Hoc Group of Custodial Account Holders.

13 CLERK: Thank you.

14 MR. KOTLIAR: Thanks.

15 CLERK: All right, are there any additional
16 parties that have joined that will be speaking this morning
17 on the record and have not given their appearance?

18 MR. CHAPMAN: This is Dean Chapman from Akin Gump.
19 I may be speaking this morning on behalf of Akin Gump as
20 proposed special litigation counsel.

21 CLERK: Okay, thank you very much.

22 MS. WILSON: Good morning. You also have Jenny
23 Wilson from Kirkland and Ellis, appearing on behalf of
24 Kirkland and Ellis and speaking on privacy matters from a
25 European perspective.

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1 CLERK: Thank you.

2 MS. ADLER: Susan Adler on behalf of Odette
3 Wohlman.

4 CLERK: Okay. Thank you. Is there anyone else
5 that will be speaking this morning that has not given their
6 appearance yet. All right. Again, are there any parties
7 that have joined that are not -- that have not given their
8 appearances yet and will be speaking on the record?

9 All right, let's pause the recording for a moment.
10 All right, everyone, thank you for your patience. We have a
11 very large number of people that are joining the hearing
12 this morning and we shall be starting in about 10 minutes
13 around 10:10 or so.

14 Just a brief, few brief announcements. If
15 everyone could state their name each time they speak on the
16 court record. Also, this is a court proceeding. Audio and
17 video recording is prohibited. The only sanctioned
18 recording is that made by the Court.

19 All right. Is there anyone that has joined the
20 hearing that is speaking this morning and has not given
21 their appearances?

22 All right. What I'm going to do now is just
23 basically go according to some of the parties that I know
24 will be speaking this morning, going by the ECourt
25 appearance list. Counsel from Kirkland, can we just confirm

1 in each section who we have on?

2 MR. KWASTENIET: Yes. Good morning, Ross

3 Kwasteniet from Kirkland and Ellis and with me in Chicago

4 are my colleagues Alison Wirtz and Heidi Hockberger.

5 CLERK: All right, thank you.

6 MS. JONES: Good morning, Elizabeth Jones of

7 Kirkland and Ellis on behalf of the Debtors as well.

8 CLERK: Thank you.

9 MR. BROWN: Good morning, Judson Brown from

10 Kirkland and Ellis also on behalf of the Debtors.

11 CLERK: Any other counsel from Kirkland? I think
12 Mr. Briefel joined?

13 MR. BRIEFEL: Yes, can you hear me?

14 CLERK: Yes, I can.

15 MR. BRIEFEL: Yes, good morning. Simon Briefel
16 also on behalf of the Debtors.

17 CLERK: Is Susan Golden going to be joining this
18 morning.

19 MS. JONES: Good morning. Susan is here in the
20 room with me but she will not be speaking.

21 CLERK: All right, thank you. Anyone else that's
22 going to be speaking on behalf of Kirkland or from Kirkland?

23 MR. KWASTENIET: No, that's the full complement of
24 Kirkland presenters for today.

25 CLERK: All right. Thank you. All right. We'll

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1 move on to parties from the U.S. Trustee's Office. If we
2 just could have a final confirmation as to who was speaking
3 this morning.

4 MS. JONES: Apologies. There is one more person
5 from Kirkland and Ellis. Ms. Jennifer Wilson, she's in our
6 European offices. She may speak if there are any specific
7 questions related to the GDPR issues, but otherwise, does
8 not intend to appear.

9 CLERK: Okay. Thank you. Yes. And she did give
10 her appearance previously. Thank you for specifying that.
11 All right again, now we'll move on to the U.S. Trustee's
12 Office. I have Mark Bruh and Shara Cornell. Is that
13 everyone that's speaking?

14 MS. CORNELL: Yes, Your Honor. Yes, Deanna.

15 CLERK: All right. Counsel from Milbank on behalf
16 of the Series B Preferred Shareholders.

17 MR. LEBLANC: Yes. Good morning. Andrew Leblanc
18 of Milbank and my partner, Dennis Dunn, should be on at some
19 point too.

20 CLERK: Thank you. All right. Counsel from
21 McCarter English.

22 MR. ADLER: Good morning, Deanna. It's David
23 Adler from McCarter English. We may make some brief
24 introductory remarks but that's it and it will only be me.

25 CLERK: All right. Thank you. Counsel on behalf

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1 of Alvarez and Marsal. I know I have Holden Bixler and Bob
2 Campagna, correct?

3 MR. BIXLER: Good morning. It's Holden Bixler
4 with Alvarez Marsal, financial advisor to the Debtor.

5 CLERK: All right, thank you. And I have counsel
6 Akin Gump, Dean Chapman and Mitchell Hurley, the Debtor's
7 proposed special litigation counsel.

8 MR. HURLEY: Yes. Good morning, again. Mitch
9 Hurley here.

10 CLERK: All right, thank you. Then from White and
11 Case on behalf of the Official Committee of Unsecured
12 Creditors. If you could just go through the parties we
13 have.

14 MR. PESCE: Sure, Deanna. It's Greg Pesce of
15 White and Case. I'm going to make a brief statement in the
16 beginning and then the substantive pleadings will be covered
17 by Aaron Colodny in our L.A. Office and Trudy Smith in
18 Miami, who should both be on the line as well.

19 MR. COLODNY: I'm here, Greg, thanks treaties
20 also. All right, thank you. All. All right.

21 MS. SMITH: Trudy is also on.

22 CLERK: All right. Thank you, all. All right.
23 Is there anyone on the line from Sullivan and Cromwell? All
24 right. If they do join, we will admit them. All right.
25 And then, of course, I took the appearance of Daniel

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1 Frishberg who's appearing on his own behalf. Mr. Frishberg,
2 I just want to make sure you're still there.

3 MR. FRISHBERG: Yes, I'm still here.

4 CLERK: All right, thank you very much. All
5 right. Counsel from Togut, Segal and Segal.

6 MR. ORTIZ: Good morning, Ms. Anderson. It's Kyle
7 Ortiz for the Ad Hoc Group of Custodial Holders. My
8 colleague Brian Kotliar is on as well.

9 CLERK: Thank you. All right. And then counsel
10 on behalf of the Ad Hoc Group of Withhold Account Holders
11 from Troutman.

12 MS. KOVSKY: Good morning. It's Deb Kovsky. All
13 right, thank you. And then I have from the Texas State
14 Securities Board, Layla Milligan.

15 MS. MILLIGAN: Good morning, Layla Milligan. I
16 just -- I do not anticipate making argument today. Just
17 wanted to let you know.

18 CLERK: All right. Thank you. And then counsel
19 from Latham and Watkins.

20 MS. REILLY: Good morning. This is Annemarie
21 Reilly from Latham and Watkins. Our declarant, I believe,
22 is still in the waiting room, John Sikora.

23 CLERK: Okay, I'll check that. It says that he
24 joined. Mr. Sikora. I don't see him. It says that he
25 joined. Mr. Sikora, are you there? Yeah, he's there but

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1 he's not responding. Is he going to be speaking on the
2 record possibly this morning?

3 MS. REILLY: Just as the declarant if needed. I
4 think on his end, it's still showing him in the waiting room
5 but we'll try and figure it out.

6 MAN 1: Deanna, it's our understanding that with
7 respect to the Latham retention application, there's one
8 overarching objection relating to how all advisors sealed
9 certain information which we'll be addressing, I believe,
10 just as a legal argument. And I don't believe that there
11 are any other objections to the Latham retention
12 application. So from the Debtor's perspective, I think it
13 highly unlikely that Mr. Sikora would need to speak.

14 CLERK: Okay, thank you. All right. Are there
15 any additional parties that are speaking this morning?
16 Speaking on the record that would like to speak that have
17 not given their appearance yet?

18 MR. UBIERNA: Yes, Deanna, good morning. I'm a
19 creditor and I wish to be heard.

20 CLERK: Okay, so the Judge will ask for
21 participants to raise their hands when they want to speak.
22 So just raise your hands and in an orderly fashion, he will
23 ask you to unmute and then you can speak on the record.

24 MR. UBIERNA: Okay.

25 CLERK: He'll give you a cue as to when that is.

1 All right. Judge, would you like to get started?

2 THE COURT: Yes, I would, Deanna, and good morning
3 to everyone. We are on the record in Celsius Network LLC,
4 22-10964. Before we begin with the agenda, I do want to
5 make some brief comments.

6 So we've received over 800 registrations for
7 today's Zoom hearing. An amended supplemental notice of
8 hearing, ECF Docket Number 631 was filed on the court docket
9 stating the following regarding today's hearing:

10 "When parties sign into Zoom for government and
11 add their names, they must type in the first and last name
12 that will be used to identify them at the hearing. Parties
13 that type in only their first name, a nickname, or initials
14 will not be admitted to the hearing."

15 Several parties have signed into today's hearing
16 using a first name, nickname, initials or designation other
17 than their first and/or middle name and last name. I'm
18 including among this list someone who signed in using
19 "Hellraiser 98" or something else that is inappropriate.
20 Some parties have signed in only as iPhone or using a
21 similar designation. Since these parties have not followed
22 the instructions in the notice or followed the instructions
23 given at the previous court hearing in Celsius, they will
24 not be admitted in today's hearing. Parties that do not
25 comply with court instructions cited in future notices will

1 not be admitted to future hearings.

2 In addition, please note that when making an
3 ECourt appearance, you must include the email address that
4 you will be checking in with to obtain your Outlook
5 invitation. Several parties have signed up for ECourt
6 appearances and given a nonworking or incomplete email
7 address. If you do not sign up with a working email
8 address, you will not receive an Outlook invitation for the
9 hearings.

10 All right, as Deanna indicated for anyone
11 appearing today, particularly without lawyers, who wishes to
12 be heard, at the bottom of your Zoom screen is a raised hand
13 icon. If you press on that, I will be able to identify that
14 you wish to speak and I will recognize -- I will try as best
15 I can to recognize people in the order in which they raise
16 their hands.

17 Let me also emphasize that there is an agenda for
18 today's hearing and indeed a little while ago I received an
19 amended agenda for the hearing today. I will start with
20 some -- the opportunity for the Debtor, the Creditors
21 Committee -- Debtors' counsel, Creditors Committee counsel,
22 the Ad Hoc Committee counsel -- there are two Ad Hoc
23 Committees -- if they wish to make some opening remarks, I
24 will let them speak as well. But we do have a long agenda
25 and I want to get through it. So I'm telling you now, I may

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1 not be able to recognize everyone else who wishes to speak.
2 If you didn't file pleadings in connection with the motions,
3 I'm not, I may well not here you with respect to the
4 specific motions that are being heard.

5 As I indicated at the last hearing in this case, I
6 do want to provide an opportunity for people to be able to
7 voice their concerns and issues. The Court still is
8 receiving a large number of communications from pro se
9 creditors and those are being filed on the docket. The
10 Court is reviewing them. So I'm certainly aware of the many
11 concerns that people raised in this case.

12 I believe the counsel for the Creditors Committee
13 and for the Debtor as well, have set up mechanisms for
14 interested parties, creditors to raise issues with the, with
15 the counsel for the two committees as well. I hope that
16 process is going smoothly at this point.

17 With that, let me turn first to the Debtor's
18 counsel to ask for an update on where things are and any
19 other preliminary comments you want to make. So each time
20 someone appears, you need to identify yourself for the
21 record so that we can get an accurate record of the hearing.

22 MR. KWASTENIET: Very good. Thank you, Your
23 Honor. Good morning. It's Ross Kwasteniet from Kirkland
24 and Ellis on behalf of the Debtors. We were having some
25 technical glitches earlier today, so I just want to ask at

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1 the outset whether you can see me and more importantly, hear
2 me at this time?

3 THE COURT: I see you and hear you quite clearly.

4 MR. KWASTENIET: Great. Thank you, Your Honor.

5 With your permission and accepting your invitation, I'd like
6 to start today by just giving Your Honor a brief but, I
7 think, hopefully helpful background on certain of the events
8 that have transpired since we were last before you on
9 October the 16th.

10 Several days after our last hearing, the Debtors
11 and over 1000 creditors and members of the UCC and their
12 advisors all participated in what was an initial 341
13 meeting. It was an initial meeting because the Debtor's
14 schedules and statements have not yet been filed and the
15 exact timing of the filing of those will be taken up later
16 in today's hearing. But nonetheless, I think there was a
17 view that in light of, you know, the high level of interest
18 in the case, that it would be useful and productive to
19 nonetheless move forward on a 341 basis and allow
20 representatives of the Creditors Committee, Miss Cornell and
21 the U.S. Trustee's Office and also individual creditors to
22 ask questions that they had at that time, again, reserving
23 rights and with a full disclosure and expectation that there
24 will be a subsequent 341 or continued 341 after the
25 schedules and statements are on file.

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1 So Your Honor with respect to the 341 meeting that
2 was held the morning of August 19, the Debtor's CEO, Alex
3 Mashinsky was sworn in as was the Debtor's CFO, Chris
4 Ferraro. And both of those gentlemen remained on the line
5 for what ended up being a little over three hours and there
6 were a few technical difficulties where we had to pause and
7 sort of reconnect and clear background noise on the line.
8 But Mr. Ferraro ended up testifying under oath and responded
9 to questions from the U.S. Trustee's Office, the Creditors
10 Committee and many dozen individual creditors and was under
11 oath and testified for, according to my records, a little
12 over three hours on that date.

13 Your Honor, also on August the 23rd, the Debtors
14 met in person with the United -- with the Creditors
15 Committee and their advisers and certain of the principals
16 of the Creditors Committee. And the main topic of that
17 meeting was really the path forward for these Chapter 11
18 cases, including ideas for how to potentially reorganize the
19 business, all with, of course, the overriding objective of
20 returning as much value and as much cryptocurrency to
21 holders as soon as possible in a manner that would be as
22 fair as possible.

23 Your Honor, since that meeting on August the 23rd,
24 the UCC advisors and the Debtor's advisors have engaged in
25 what I'll call deeper dive diligence related to securities,

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1 tax, regulatory, and other issues that would need to be
2 addressed in connection with certain potential go-forward
3 plans. And those discussions remain ongoing and we're, you
4 know, cautiously optimistic about an ability to continue to
5 make progress, but we are not just waiting around for
6 another day to figure out how we're getting out of here.

7 In addition to everything else that's going on, we
8 have been focused on and have devoted substantial time to
9 thinking about and starting to work on the path forward and
10 the path out and the path to deliver value back to our
11 constituents.

12 Also on August the 23rd, the Debtors filed
13 complaints against a former employee named Jason Stone and a
14 former counterparty company called Prime Trust seeking the
15 return of substantial value for these estates. Those
16 complaints will be adjudicated at a later time, but we view
17 that as an important step to go out and augment, supplement,
18 add to the value that we ultimately look forward to being
19 able to return to creditors in these cases.

20 Your Honor, also last night at Docket Number 670,
21 the Debtors filed a motion to return certain cryptocurrency
22 held in what we refer to as custody and withhold accounts.
23 There's a lot more detail set forth in that pleading.
24 Ultimately, if granted, Your Honor, we expect that that
25 would result in the return of substantially all

1 cryptocurrency on deposit in the custody and withheld
2 programs held by tens of thousands of individuals.

3 Your Honor, the way that we approached this relief
4 was essentially in stages. And so this motion represents
5 the first stage in terms of a proposed release of funds that
6 are in custody or withhold. And specifically, we've
7 identified two key subsets of customers. One subset are
8 customers who have only ever had assets in the withheld or
9 custody program. And importantly, as distinct from the
10 Debtor's earn and borrow programs where we believe the terms
11 of use unambiguously provide that title to assets
12 transferred in connection with those programs goes to the
13 Debtor and the Debtors have full rights of ownership and
14 have, in fact, historically exercised full rights of
15 ownership. Assets that are in the custody and withheld
16 program, the terms are the reverse and provide that title
17 remains with the customer.

18 We've run into an issue that we're still analyzing
19 and we flagged and we've had a lot of discussions with the
20 Creditors Committee and also the Ad Hoc Committees that have
21 formed for the custody and withheld groups, which is that
22 not all the assets in custody and withheld have always been
23 there. Some assets that presently sit in those programs
24 originated in the earn or borrow program where we believe
25 the Debtors had title. Then they migrated into the custody

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1 or withheld program where we believe we don't have title.

2 And so as we look about and look at and think
3 about the consequences of those movements, all of which
4 coincidentally happened within the 90 days before filing --

5 THE COURT: That was -- if I could stop you, Mr.
6 Kwasteniet, that actually is my question because the
7 petition date was July 13, 2022. Ninety days before that is
8 April 14, 2022. And indeed, I was going to inquire about
9 when -- from your prior filings, I see that the custody
10 program was established in April 2022. But it wasn't clear
11 when and it also wasn't clear when transfers were made.

12 MR. KWASTENIET: Your Honor. I believe, according
13 to our records, that the custody program came into being on
14 or around the 15th, so call it 89 days before, which has
15 garnered no small amount of speculation and conspiracy
16 theories online. We'll get into all of the background
17 around the establishment of the custody program, but suffice
18 it to say, I see -- I have seen no linkage between the date
19 that that was created and then the date of the ultimate
20 filing. But if that needs to be a topic, we hit for a later
21 day or is relevant, that's fine. It just so happens, Your
22 Honor, that substantially all, we believe all of the
23 transfers that may have come from earn or borrow into
24 custody or withheld were within the 90-day look back period.
25 And we believe prima facie, those transfers satisfy the

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1 elements of preferential transfer. Whether or not there's
2 applicable defenses, there's a lot to be determined there.
3 But for purposes of a first step, Your Honor, we believe
4 that the people who have only ever had their assets in
5 custody or withheld, right, where there wasn't a potential
6 avoidable transfer from some other program where the
7 Debtor's held title and then no longer held title, we
8 believe that those assets can and should go back to the
9 customers based on the clear terms of use.

10 THE COURT: May I ask you this, I think you
11 previously -- you or one of your colleagues previously told
12 me there was approximately \$180 million in value in the
13 custody accounts. Can you break down how much is it that is
14 proposed to be released to the custody account holders? How
15 much of the 180 million?

16 MR. KWASTENIET: Your Honor, the \$180 million was
17 our guess at the market value as of the petition date.
18 Crypto prices have moved in a little bit and I believe --
19 and I'm going to check with my colleagues, I believe that
20 value today is more like 200, 210, 215 million. So it's
21 gone up a little bit as the price of the underlying
22 cryptocurrencies have run up. We believe that the value of
23 what we'll call the pure custody holders assets that were
24 only ever in custody was approximately \$48 million, Your
25 Honor. And then the value of -- and here, we've drawn a

1 line or we're proposing to draw a line on assets that were
2 transferred in. Okay? And as we look at, you know, the
3 preference statute, there is a threshold or a minimum, like
4 Debtor can't seek to avoid a transfer below a certain dollar
5 amount and accordingly, it's one of these that's indexed to
6 inflation and changes, but we believe the current limitation
7 is 7,700 or \$7575.

8 And so we've run analysis doing our calculations
9 on the value of the transfers into custody within the 90
10 days. And we believe that there are approximately 30 --
11 there's \$11 million of assets that were transferred in by
12 customers who transferred in less than that 75-75 cap. And
13 that in terms of the number of those holders, it's in the
14 tens of thousands of holders.

15 So we believe, Your Honor, that the relief that
16 we're requesting, no surprise there's a relative handful of
17 holders who transferred in very large dollar amounts from
18 earn into custody. We are not seeking authority in this
19 motion to release claims or release coins where we may have
20 the ability to assert a preference action with respect to
21 those. So this is a sort of a low hanging fruit request if
22 you will, Your Honor, people who were never in the program
23 to begin with and we think title was always there; people
24 who transferred in but transferred in below the preference
25 floor where we don't think that we would have an avoidable

1 preference action; and, again, this covers the majority,
2 significant majority of the customers in the custody and
3 withheld programs but reserves for further analysis whether
4 or not we can and should assert avoidance actions with
5 respect to transfers in in excess of that preference cap.
6 And that analysis is ongoing at this time.

7 THE COURT: And I saw on the docket that
8 yesterday, the Togut firm filed a declare -- a complaint for
9 declaratory judgment on behalf of custody holders. Can you
10 just -- obviously, that's not on the docket -- on the agenda
11 for hearing today, but I saw that last night.

12 MR. KWASTENIET: Yes. And I'm happy to speak to
13 it and I know that Mr. Ortiz and his colleagues are on the
14 line and they're better able to speak to it. I will say
15 that we have had a very open dialogue with counsel to the Ad
16 Hoc Committees. We have received proposals from them. We
17 have shared, you know, analysis. We've had very candid
18 discussions. They knew several days ago where we were
19 likely coming out, at least in terms of what I'll call this
20 Phase 1 request. There may be other requests. We're not
21 foreclosing the possibility that we'll be back before you
22 seeking to release all of it, maybe subject to clawback
23 claims. We're just not there yet. But yes, we understand
24 that I believe Mr. Ortiz will tell you that while he
25 appreciates the relief we're requesting, he wishes and

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1 thinks it should go further to all holders within the
2 custody account. And I believe that Deb, Deb Kovsky from
3 the Troutman firm would tell you that she believes it should
4 also apply to all holders within the withheld account even
5 if the amounts they transferred exceeded the preference
6 threshold.

7 We're not there right now. We're open to further
8 discussions. Maybe there's, you know, an ability to release
9 things subject to clawback. I don't love that because that
10 inherently weakens my ability to later make good on a
11 preference judgment if we get a preference judgment. It's
12 easy to collect if the funds are in our possession. It's
13 much harder, of course, to collect if they've been dispersed
14 already. But those are issues for another day. And I will
15 also note, Your Honor, that our very motion itself, while
16 important to give Your Honor and everybody listening the
17 context for it because it is a significant development, that
18 motion is also not up for hearing until October 6th. And I
19 imagine that we're going to have many conversations with the
20 parties, including further conversations with the U.S.
21 Trustee, the UCC, and the Ad Hoc Committees about the relief
22 that we're requesting in that motion.

23 THE COURT: If I understand what you're saying
24 there would assuming that what you're proposing is released,
25 there would still be about value and it's a moving target in

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1 the number but about 160 million that would remain in the
2 custody accounts.

3 MR. KWASTENIET: Yes, that's about right, Your
4 Honor. And again, recognizing that that number will
5 fluctuate, we're giving dollar values to fixed coin
6 obligations. And so the numbers fluctuate a little bit, but
7 that's essentially correct, Your Honor.

8 THE COURT: Okay. So I'll let you continue with
9 your remarks. There were there are three raised hands. As
10 I said at the outset, I was going to let the counsel for the
11 Ad Hoc Committees speak in their preliminary remarks. I
12 want to let Mr. Herman know that I will recognize him but I
13 probably, even though his hand was raised first, I'm going
14 to permit counsel for the Ad Hoc Committees to speak before
15 I call on Mr. Herman, but I assure you I will give you the
16 opportunity to speak.

17 So, Mr. Kwasteniet, is there anything else you
18 want to tell me in this preliminary remarks?

19 MR. KWASTENIET: Your Honor, I did have a few
20 other points I wanted to talk about bringing you up to speed
21 on engagement we've had with the Creditors Committee and
22 with the U.S. Trustee's Office. But that's all I have to
23 say about the motion we filed with respect to custody. So
24 this may be an appropriate time. I assume that the folks
25 with hands raised want to weigh in on that topic. So I'm

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1 happy to pause and allow people to weigh in on that motion.

2 THE COURT: All right, we'll do that, I'll call
3 back on you. So, Mr. Ortiz.

4 MR. ORTIZ: Good morning, Your Honor, Kyle Ortiz,
5 Togut, Segal and Segal on behalf of the Ad Hoc Group of
6 Custodial Holders. Apologies for going out of order. I
7 know you wanted to go with Committee. I just thought I'd
8 raise my hand if you wanted to hear from us kind of all on
9 that topic at the same time.

10 THE COURT: I appreciate Mr. Kwasteniet suggesting
11 that. I'll hear people on this issue and then I'll call on
12 Mr. Kwasteniet again. So go, go ahead.

13 MR. ORTIZ: Sounds good, Your Honor. And
14 obviously, nothing on this issue is before Your Honor today.
15 So I will only kind of very briefly touch on it so you can
16 appreciate our concern with the approach because there are
17 elements of timing that I think we might want to discuss,
18 particularly given where the Debtors are coming out on
19 title. So as Your Honor knows, at the last hearing we said
20 we'd give the Debtors time to reach a conclusion on whether
21 the crypto held in custody accounts was property of the
22 estate. And we're, of course, very happy to learn that in
23 that space, they've concluded that crypto in the custody
24 accounts is not property of the estate, that title to such
25 property remains with custody account holders.

1 Unfortunately, they're unwilling to take that
2 realization to its proper conclusion, Your Honor, which is
3 that they need to release all of the crypto assets to the
4 rightful title holders.

5 Now, the problem we have, Your Honor, with the
6 staged approach is that once they determine that property in
7 the custodial accounts is not property of the estate,
8 they're not at liberty to determine what to do with it for
9 the simple reason that it's not theirs. A potential
10 preference action in our view does not change that analysis,
11 and we think the case law in the Second Circuit is clear on
12 that point, Your Honor. The Second Circuit rule is that
13 under Section 541(a)(3), property subject to an avoidance
14 action only becomes property of the estate once recovered in
15 the Section 550 sense of that word. And the Debtors have
16 not recovered any preferences, Your Honor. In fact, they've
17 not asserted any preferences, have not even fully determined
18 if there are viable preference claims. And there's no legal
19 basis to continue to hold what they have determined is other
20 people's property simply because it will be more
21 administratively convenient for them to already have
22 possession of property if they later determine to bring an
23 avoidance action, prevail and recover. And there's just no
24 legal justification.

25 THE COURT: Let me just say -- I'm going to

1 interrupt you for this purpose, Mr. Ortiz, because this
2 issue is not ripe for, you know, for any decision today. I
3 understand the issue you're raising and it undoubtedly will
4 be an issue the Court will have to address. So just let me,
5 without getting into the nitty gritty of issues, are there
6 any other sort of top line points you want to raise for the
7 discussion this morning because we have a long agenda?

8 MR. ORTIZ: Yes, Your Honor, and I appreciate the
9 long agenda. I just wanted to note because the one thing
10 that we might want to preview is coming, is timing. And I
11 note that in addition to the Second Circuit, there's Tenth
12 Circuit case law that suggests -- that could potentially
13 even violate the due process clause because you're
14 effectively enjoining another party's property rights.

15 So again, we're thrilled that they've reached the
16 conclusion that they've reached on property of the estate
17 and who holds titles, but I think some of the issues that
18 we're going to have, and as Your Honor noted, we did file a
19 complaint last night, is there's a motion on that for a
20 first stage set for October 6th, and then a status
21 conference on other things set for November 1st. So I just
22 wanted to let Your Honor know that, you know, we will be
23 discussing with the Debtors if there's ways to potentially
24 merge the two issues, the complaint to the motion because
25 they really, in our view, are very much related in ways that

1 we might get to resolution sooner because again, if it's
2 ultimately folks -- the custody holders' property and our
3 view of the world ends up being correct, there's really no
4 basis for that to be held longer than it needs to be.

5 THE COURT: So let me, let me start. I have no
6 problem about talking to the Debtor's counsel. I have no
7 problem about combining the case management, first
8 conference on your adversary with the initial motion they've
9 made for return. I'll leave it to the two of you or others
10 on this issue to try and agree on the date when that is. I
11 don't know how long how, how substantial the docket for
12 October 6th will be, but I do think it was appropriate for
13 me to look at that together. Okay, so let's leave it at
14 that for today.

15 MR. ORTIZ: Yeah, I would just note real quick
16 that, you know, I'm going to call him very quickly Ross
17 before saying Mr. Kwasteniet, because I'm going to butcher
18 his name and I have a lot of respect for him and I apologize
19 for doing that, but I will, you know, echo that there has
20 been a lot of work back and forth and that we're -- despite
21 where we are on our positions right now, I'm have -- I think
22 that there's a potential consensual path and that we've had
23 a good working relationship and we plan to continue to try
24 to work things in the background so they don't necessarily
25 end up in front of Your Honor.

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1 THE COURT: Look, obviously, even if it hadn't
2 been squarely raised in the discussion we just had, I had
3 was keenly aware of this issue of the 90-day period and what
4 the petition date was and it was not clear to me from
5 anything that I've read so far when earn account assets were
6 transferred into custody accounts and then the potential
7 preference issue. So it will be something we have to deal
8 with going forward.

9 Ms. Kovsky, do you want to briefly say something?

10 MS. KOVSKY: Thank you, Your Honor. Mostly I
11 would echo Mr. --

12 THE COURT: Please identify yourself each time.

13 MS. KOVSKY: I'm sorry. Deb Kovsky for the Ad Hoc
14 Group of Withhold Account Holders. And I would primarily
15 just echo what Mr. Ortiz said. And I do want to thank
16 Debtor's counsel, particularly Mr. Kwasteniet and Ms.
17 Hockberger for working closely with the Withhold Group. We
18 are a very small bucket of creditors or parties and
19 interests compared to custody and we appreciate the
20 attention that the Debtors have paid to these issues. We of
21 course strongly agree and endorse the Debtor's position that
22 these coins are not property of the estate. Like Mr. Ortiz,
23 we believe that the first step does not go far enough and
24 we'll be bringing, we anticipate bringing a motion before
25 Your Honor to get that resolved. We have been sort of

1 watching what the Debtors we're going to do, what the
2 custody group is going to do in order to figure out
3 procedurally how to handle this in the most efficient way to
4 get these common issues before the Court and we'll continue
5 to have those discussions. One thing that I do want to
6 point out with respect to withhold and this is something
7 that state regulators may need to weigh in on, there is a
8 potential problem with the Debtors holding onto coins in
9 withhold indefinitely because by definition, those withhold
10 accounts are in states where the Debtors are not licensed
11 and not permitted to offer custody services. So to the
12 extent they are sort of quasi-custodying other people's
13 property and states where they're not licensed to do, that
14 raises an additional concern that will need to be addressed.

15 THE COURT: Let me just suggest this -- and it may
16 well have been and this is what I want counsel to talk
17 about. The issues surrounding the assets held in the
18 custody accounts is obviously raising a myriad of issues and
19 it may well be that a hearing should be set just on those
20 issues so we don't have a long agenda. Obviously, I'm not
21 resolving any of these issues today. What I would urge is
22 that all parties in interest who have issues about the
23 assets held in the custody accounts confer and see whether
24 you can agree on a hearing date and procedurally how to try
25 and deal with this. I would, you know, I expressed at the

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1 last hearing, I would like to try and get these issues
2 resolved. Assets that should go back to customers should
3 go back, if possible, sooner rather than later. But there
4 are a myriad of issues that are being raised about this and
5 it may be hard for the Court to deal with it in the context
6 of a long agenda with many other items on it.

7 So why don't let's leave it at that for now? I
8 understand your position. Ms. Kovsky, and, you know, all of
9 these issues will get their full airing by the Court.

10 Mr. Pesce, do you want to address just on the
11 custody issue? I'll give you a chance for any other
12 remarks, but I want to sort of close off and give Mr. Herman
13 a chance as well to address the custody account issues and
14 I'll give you a chance to address anything else you want.

15 MR. PESCE: Yes, Your Honor. Gregory Pesce, White
16 and Case for the proposed counsel to the Committee. I'll
17 just speak very, very quickly on the custody issue. You
18 know in the two weeks since the last hearing, we appreciate
19 the Debtors engaging with us on how they were going to
20 approach this and having extensive dialogue with that. At
21 this point, the Committee is not taking an official position
22 on the matter, but we will note that this is -- we do
23 believe this is a good first step. In our view, as has been
24 said in these other hearings, the account holders have
25 claims that every entity, So we don't think this is going to

1 affect overall account holder recoveries. It's going to
2 provide near term liquidity. It's intended to cover coins
3 that don't have a preference exposure. There isn't a whole
4 preference morass that we need to deal with. And it does so
5 in a way that lets us preserve these potential causes of
6 action.

7 Just to put it on the Court's radar though and for
8 the benefit of our constituency, I know there's so many
9 people listening in today, our work isn't done yet. Like I
10 said, we just saw the motion yesterday. We need to study
11 it. We need to make sure that insiders like Mr. Mashinsky,
12 his wife and others don't benefit from this based on how
13 they have their wallet set up. I also want to make it clear
14 the Committee has not made a determination about whether it
15 would support pursuing preference actions, if there are any.
16 That's a topic that remains for another day. We also need
17 to make sure that there's no double dipping based on the
18 statutory cap based on how you mix and match individual
19 accounts. And then finally, going back to my original
20 point, you know, our general desire to have account holders
21 get liquidity, get their coins back, and how this motion
22 fits in there is part of a broader conversation that's been
23 happening in this case where the account holders have their
24 claims. We've been very heartened to hear the Debtor's
25 statements about how account holders have claims at every

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1 debtor or non-debtor entity. Obviously, this will come up
2 later at today's hearing about the schedules and statements
3 and when those get filed. That's going to happen before
4 October 6th or November 1st or whenever the hearing happens.
5 So we're going to be studying that to make sure that this
6 doesn't in some way affect creditor -- overall account
7 holder recoveries. And we'll work with Mr. Kwasteniet and
8 the other party, Mr. Ortiz, and Troutman to make sure we
9 intervene and represent the account holder. So I'll leave
10 it at that. I have a few other things to put on the Court's
11 radar later, but I'll concede the virtual podium now.

12 THE COURT: All right, thank you. Mr. Herman.

13 MR. HERMAN: Thank you for letting me speak, Your
14 Honor. My name is Emmanuel Herman. I am a creditor. And
15 I'm the cofounder of an informal group of hundreds of
16 Celsius customers who have come forward to me and reported
17 that they are U.S. non-accredited investors who had their
18 deposits grandfathered into the Celsius earned product on
19 and after April 15th, which is the date that the custody
20 product was created. Our group is actively seeking legal
21 counsel as we consider the possibility of forming an Ad Hoc
22 Committee. We are the very depositors that Togut Segal and
23 Segal described in their adversary complaints that was
24 recently filed as 37B, any existing cryptocurrency in the
25 earned program would continue to remain in the earned

1 account and earn rewards as they did before. Every day I
2 hear stories about how non-accredited investors like us were
3 grandfathered into their earn product by Celsius with far
4 more than they can afford to lose on deposit. They're
5 terrified that they will get a little of it back and that it
6 will take years to see any recovery. On April 15th, 2022,
7 Celsius launched the custody product. At that time, they
8 should have disclosed to us the regulatory reasons for their
9 April 15th terms of service change. The risk for being in
10 earn and the reason that we could not add additional
11 deposits was that it was not suitable for non-accredited
12 investors. None of these disclosures were made.

13 The ethical and lawful way for Celsius to handle
14 our situation on April 15th would have been to move all U.S.
15 non-accredited customer assets into custody or to force us
16 to withdraw from the platform on April 15th, 2022. Instead,
17 Celsius encouraged us to deposit more in the run up to the
18 deadline perhaps because they were already insolvent and the
19 launch of custody and the withdrawal of our coins would only
20 hasten their insolvency and ultimate bankruptcy. There
21 needs to be -- we need to look into how the decision to
22 grandfather non-accredited investors into the earn product
23 was made as part of discussions around custody and withhold.

24 The custody program itself, Your Honor, seems to
25 have been intended to be a regulatory solution by Celsius.

1 It was implemented after pressure from state regulators and
2 it is primarily modeled after BlockFi's settlement with the
3 SEC. In fact, if you read the terms and conditions of
4 Celsius custody program, they are copied almost verbatim
5 from BlockFi's wallet terms.

6 So, you know, I keep hearing about people's life
7 savings, college funds, retirement funds, and others who
8 were misled into depositing our funds into this unsuitable
9 product, which in our view, was akin to an unregistered,
10 unlicensed hedge fund and it was improperly marketed and
11 disclosed to us. It was never suitable to sell us, sell to
12 us to begin with, nor was it legal to sell to us in the
13 first place. So in our view, the marketing of this product
14 to non-accredited investors was egregious and
15 unconscionable. If this were any other industry other than
16 crypto, I believe this company and possibly its executives
17 would already be facing criminal charges and that an SEC
18 receiver would have been appointed to clawback the money
19 that was stolen from us via this product.

20 So, you know, I can submit written follow up to
21 the Court. I don't want to take too much of your time. I'm
22 sure, Your Honor, you've already seen the representations
23 Alex Mashinsky made when he told depositors that Celsius was
24 safer than a bank. People deposited money they couldn't
25 afford to lose. And, you know, I'll just add that as bad

1 news about Celsius emerged, customers with sophistication
2 and resources were able to withdraw enormous sums in the
3 days, weeks and months leading up to the pause while the
4 company was insolvent. Whereas, those who believed the
5 statements of company leadership such as Alex Mashinsky and
6 his statements were left holding the bag. So yeah, that's
7 basically our position is we should have either been in
8 custody or, you know, we shouldn't have been there at all.
9 We should have been asked to withdraw.

10 THE COURT: All right, thank you, Mr. Herman. If
11 you could lower your hand now because you had your chance.
12 Your hand is still raised.

13 MR. HERMAN: All right. Thank you.

14 THE COURT: Mr. Kwasteniet, do you want to
15 continue with your motion? I think we've heard what we're
16 going to hear about this issue of the custody accounts.

17 MR. KWASTENIET: I do, Your Honor. I just have
18 two very quick points. One perhaps to head off the need for
19 Mr. LeBlanc to make a comment. First of all, the Debtors
20 have not made any final conclusion as to where all the
21 customer claims sit and at what legal entities. We have
22 described in various letters to the U.S. Trustee in response
23 to a request for the appointment of a formal equity
24 committee that customers can certainly read the terms of use
25 as having claims against every entity. We understand from

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1 Mr. LeBlanc's group that they have arguments against that.
2 It's going to be an important issue, maybe one of the most
3 important issues that has to be decided in the case, and I
4 didn't want to leave it just unsaid and uncorrected that we
5 that we formed a formal definitive view on that topic. It's
6 something that we're still analyzing and discussing with our
7 board and, you know, we'll be making a decision on and
8 taking a position on in due course, but I didn't want to be
9 saddled with a position that I'm not authorized to make or
10 advocate as we sit here today. It's an important issue and
11 one that's coming down the pipe soon, but I think the
12 description as to the Debtor's position at least was
13 premature, and I wanted to correct that.

14 Your Honor with respect to the concerns raised by
15 Mr. Emmanuel, I understand what he's saying, and in many
16 ways, I'm not surprised that to the extent that there may be
17 an avenue for withdrawal for custody program holders that a
18 lot of people are going to be figuring out, and I assume
19 that Mr. Emmanuel's group is not going to be the last,
20 right, seeking to shoehorn themselves into a group that is,
21 you know, perhaps receiving or the ability to withdraw
22 crypto off the platform. These are issues that we're aware
23 of and that we're going to look into. We don't have a
24 position today. And to be clear, his group, folks, folks
25 who were grandfathered in and who did not make a move into

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1 custody, you know, by the relevant date, they're not subject
2 to this motion, but that's not to say that they've been
3 forgotten or will be ignored. We read every letter that's
4 filed. We're aware of positions, you know, taken by Mr.
5 Herman and others, you know, sort of similarly situated to
6 him. But again, that's not an issue for today.

7 Your Honor, the next topic I wanted to move to
8 briefly because we do have an agenda, and so I'll try to
9 speed up my remarks here, is just engagement with the
10 Creditors Committee and with creditors more generally. Your
11 Honor, we've had multiple in-person meetings with the UCC.
12 We've done countless video and telephonic conferences with
13 the Committee advisors and their members. We've granted
14 full access to the management team and to the company's
15 advisors. The U.S. -- the UCC has submitted over 250 unique
16 diligence requests. We believe we've fully responded to
17 more than 160 of them and we're in the process of responding
18 to everything else in connection with this. We have
19 disclosed thousands of pages of documents and we've, I think
20 in a relatively unique step, we've given the Committee's
21 crypto advisors electronic access to certain wallets at the
22 company that will allow them to research and analyze
23 historical transaction data. So there's been a great deal
24 of open and transparency with respect to the sharing of
25 information.

1 To formalize that, the Debtors have entered into
2 and filed on the docket a stipulation to facilitate and
3 effectively streamline Rule 2004 discovery requests by the
4 UCC including the company agreeing to accept process in
5 committing to produce documents on a rolling basis. We have
6 also negotiated a bespoke reporting protocol that is going
7 to be applied going forward where even though above and
8 beyond the reporting that the bankruptcy code requires in
9 admission of the fact that we have unique issues related not
10 just to cryptocurrency but how our business is structured,
11 that enhanced reporting is appropriate and will be
12 forthcoming and we've agreed to sort of terms and parameters
13 with the Creditors Committee.

14 Finally, Your Honor, we've engaged in extensive
15 discussions with the Creditors Committee and their advisors
16 including a lengthy call yesterday regarding crypto security
17 and the Debtor's processes and protocols. And in response
18 to conversations with the UCC's advisors and some questions
19 they have raised, we've already made meaningful adjustments
20 or enhancements to the way that the company stores its
21 crypto. And we're open to further and ongoing changes and I
22 expect, Your Honor, that the issue of crypto security, this
23 is a preliminary conversation we've had with the Office of
24 the United States Trustee, may well culminate in the filing
25 of a declaration that details how it is that we are storing

1 the crypto, changes we've made in connection with the U.S.
2 Trustee to give parties even more comfort and visibility
3 into where these assets are located and how they are being
4 protected. I believe we spent close to 40 minutes during
5 the first day hearing talking about, you know, this issue of
6 crypto security and how do we make sure it just doesn't, you
7 know, walk out the door? And suffice it to say, the company
8 had extremely robust protocols in place. And we've
9 explained all those to the U.S. Trustee and to the
10 especially the Creditors Committee and we're fielding
11 feedback and working with them on whether there are any
12 enhancements to the crypto security process.

13 THE COURT: Let me just make, let me make a brief
14 comment here and I probably will have more questions when we
15 get to the cash management motion. But yeah, you know, the
16 record is not particularly comforting about the security of
17 crypto assets and where they're stored. I mean you just
18 filed an adversary proceeding because you contend that one
19 counterparty has refused to return \$17 million in crypto
20 assets. This -- I'll save further discussion about this.
21 You know I think this ties into the U.S. Trustee's 345
22 arguments as well and I just have to say I'm not satisfied
23 that I know where the Debtor is storing or housing or
24 whatever assets for safekeeping, whether the parties with
25 whom it's doing so are creditworthy, a whole host of things.

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1 I'll leave this, but I was going to raise it now because I
2 was going to raise it when we got to the cash management
3 motion. You know, there's the issue of whether 345 applies
4 to crypto assets? The U.S. Trustee briefly addresses it in
5 its papers. You haven't engaged with them about it. You
6 really didn't. So I don't think that issue is really ripe.
7 But, you know, you've asked for a waiver, but I'm not sure
8 that you've made -- we will hear this more later -- a
9 satisfactory showing that you're entitled to a waiver
10 because anything stored elsewhere is safe. And, you know,
11 let me leave it at that. So I just, I raise it now because
12 it's apropos with your recent remarks. Go ahead.

13 MR. KWASTENIET: Fair enough, Your Honor. And
14 we're happy to take it up in any context. And this will be
15 an ongoing topic of conversation. I think we spent more
16 topic -- more time on this topic during the first day
17 hearing than any other and it remains important. We are
18 going to be working on a supplemental declaration that gets
19 into these issues. What it is we're doing, why we think
20 it's best practices, where they're housed. I will note,
21 Your Honor, that we previously filed what we called a budget
22 and coin report that gave detailed information about where
23 crypto was stored. We've had several helpful conversations
24 with the U.S. Trustee and we've provided them a few
25 different updated or modified versions of that coin report.

1 And I suspect that the next version of the coin report we
2 file will have more information, but we're going to go
3 beyond that and do a detailed declaration on everything
4 we're doing. And I believe and hope that based on
5 conversations we've had with the Committee that we'll be
6 able to enter into a stipulation approving the steps that we
7 collectively agreed to take with respect to safeguarding the
8 cryptocurrency assets. And I believe that we are well on
9 our way towards doing that.

10 So, Your Honor, I hear you loud and clear and this
11 is a topic that there will be more to come. And I under --
12 people are understandably skeptical. This is the single
13 biggest source of value and it's a new unique asset class
14 that can't be locked up in a bank vault at JPMorgan and it
15 exists on block chains in the cloud. And what does that
16 mean? And how do we secure it? Very different than parking
17 cash at Citibank. Like that, we understand and have a long
18 history. How do you safeguard cryptocurrency especially
19 when there are all these market stories about it being
20 hacked or disappeared or invested in the wrong place and
21 it's gone. We're very sensitive to that and more is coming,
22 Your Honor. So we hear you loud and clear on that topic.

23 Your Honor, last point on creditor engagement.
24 Kirkland did at the outset of the case, establish an email
25 hotline where we've received several hundred requests or

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1 questions from creditors, all of which have been responded
2 to. And we understand that the UCC has set up similar
3 methods for creditors to reach out and contact. So we are
4 we're seeing robust engagement and questions coming in from
5 creditors, all of which are being responded to in a timely
6 manner.

7 Your Honor, the one last topic for me before I
8 yield the podium and I do believe that counsel for the UCC
9 has a few opening remarks he'd like to make and then maybe
10 the Ad Hoc Committees and then we can get into the agenda,
11 is I want to touch briefly on our engagement with the United
12 States Trustee's office.

13 Your Honor, the Debtors have devoted a great deal
14 of time to responding to inquiries from the U.S. Trustee's
15 Office. And we appreciate that in many cases, including
16 with respect to some of the items that are up for hearing
17 today, we've been able to reach resolution and have the
18 support, I believe. Ms. Cornell can obviously speak for
19 herself, but I believe that we've resolved the U.S.
20 Trustee's concerns with many of the items that are up for
21 hearing today.

22 Your Honor according to our records, we've had
23 virtual meetings or conference calls with U.S. Trustee's
24 Office on at least 20 occasions on different topics, some
25 related to motions, some related to business or operational

1 issues. We've had no fewer than a hundred unique email
2 threads and conversations on important topics related to
3 these cases. We've responded to more than 140 specific
4 diligence requests. And, you know, in response to
5 conversations with the U.S. Trustee's Office, we did file
6 what we thought was a novel, but responsive in this case,
7 budget and coin report. And we subsequently had numerous
8 conversations about ways to perhaps add to that, improve
9 that, make that more clear. But we've been trying to think
10 outside the box given the unique nature of the case, how can
11 we report in a way that is more responsive more relevant to
12 our constituencies rather than sort of the traditional
13 reporting package which doesn't necessarily answer all the
14 questions that we know our customer community is going to
15 have?

16 Your Honor, and yet despite the clear record of
17 open and good faith engagement with the U.S. Trustee's
18 Office, we have faced numerous accusations, we believe
19 unfair and without basis, that these cases somehow suffer
20 from a lack of transparency. Let me be clear, Your Honor,
21 from my standpoint, nothing can be further from the truth.
22 I take these allegations --

23 THE COURT: Let me just say, what I want to avoid
24 for today, if I give you a chance to get into it, then I'm
25 going to give others a chance to get into it. I don't, I

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1 really don't think that that's something I need to hear
2 today. If I get motions before me -- I mean I think that
3 this case demands extraordinary transparency and if matters
4 are brought to me where parties don't think that the Debtor
5 is being responsive or the UCC is being responsive, I'll
6 deal with it. But I would prefer for today, Mr. Kwasteniet,
7 I don't want to open the door where you say this, then
8 somebody's going to feel that they need to respond to it.
9 It would be the unusual case where there's complete
10 agreement between a Debtor and the UCC and the UST's Office
11 on everything. So I just don't want to get into it back and
12 forth today. Okay?

13 MR. KWASTENIET: Fair enough, Your Honor. I'll
14 just say that from the company's standpoint, we take the
15 issue of responding to questions and providing information
16 very seriously. It is something we're deeply committed to,
17 have devoted great resources to, and are always open to
18 better ideas, other ways we can report information. We like
19 to think of ourselves as an open book and available to
20 discussion. We don't pretend to have a monopoly on ideas.
21 This is a unique case. We've already come up with and
22 agreed to unique forms of reporting. I believe that the
23 parties will find us willing to be very accommodating, Your
24 Honor. And we'd prefer to deal with diligence requests, you
25 know, one off as opposed to being litigated. That's all

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1 I'll say, Your Honor. It's something that we're deeply
2 committed to. People may have different views as to how
3 well we're doing or whether we've, you know, done this or
4 that or this or that quick enough.

5 THE COURT: I don't want to hear -- like could you
6 stop with it? I don't want to get into a back and forth
7 about he said, she said, that sort of thing. So continue to
8 engage with the other stakeholders and constituencies and if
9 I have to deal with issues about an actual dispute that
10 can't be resolved consensually between the parties, I will
11 certainly do that. Okay?

12 MR. KWASTENIET: Very good, Your Honor. And I
13 commit to you we will. And I also understand that counsel
14 for the Official Committee had some opening remarks that he
15 would like to make. So unless Your Honor has any other
16 questions for me, I'm happy to yield the podium to Mr.
17 Pesce.

18 THE COURT: Okay. Mr. Pesce, please go ahead.

19 MR. PESCE: Thank you, Your Honor. For the
20 record, Gregory Pesce, White and Case, proposed counsel to
21 the Official Committee of Unsecured Creditors. Thank you
22 for your time this morning.

23 Since the Committee was appointed, we filed our
24 mission statement. We talked about our goals and tactics
25 for the case. And we just wanted to give a quick update to

1 you and the constituency about where we are. You know at
2 the outset, I'll just echo your comment that we think
3 transparency, total and complete transparency is very
4 important here. I don't want to belabor the comments that
5 were just made, but we do appreciate that the Debtor has
6 been responsive to our demands after we put them on notice
7 about the needs for transparency in working with us on the
8 2004 stipulation and the recently filed diligence reporting
9 framework which we've put out as on presentment for a
10 hearing later this month. Without getting into any
11 specifics, suffice it to say we're going to continue to hold
12 Celsius' feet to the fire and ensure that we have the
13 information and the rest of the constituency has the
14 information to do our work for what is necessary to maximize
15 value.

16 And in a similar vein, we appreciate hearing Your
17 Honor's comments about coin security. This is something
18 we've been very focused on. For the for the Court's
19 benefit, I think it's important just to note that we haven't
20 left this issue hanging. As Mr. Kwasteniet noted, at our
21 request, we've had a lot of discussion about coin security.
22 In fact yesterday, the Committee had its own separate
23 meeting with Mr. Harrington and his team about coin security
24 and our views on the topic. And we expect we will reach a
25 documented resolution with at least the Debtor in the near

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1 future to provide further protection for the coins that the
2 company continues to hold and will continue to engage with
3 the United States Trustee to see if we can find a middle
4 ground that protects the coins, but also avoids any kind of
5 litigation that would consume resources on the matter.

6 In a similar vein -- yes, Your Honor --

7 THE COURT: Has the Committee adopted bylaws
8 regarding confidentiality of information? I mean, some of
9 this, there are sealing motions today that I'm going to
10 consider. And well, let me let me ask that. Are there any
11 bylaws that have been adapt approved by the Committee
12 assuring confidentiality of any sensitive information that
13 is turned over to you and the Committee?

14 MR. PESCE: Absolutely. The day after we were
15 hired, the Committee executed bylaws. They have
16 confidentiality. They cover the typical gambit as well as
17 social media and other stuff implicated by the case. We
18 shared those with Mr. Harrington's team as well as Kirkland
19 and they've not let us know that there's any concern and our
20 members are fully bound by those bylaws on confidentiality.

21 THE COURT: I would like to see the bylaws that
22 were adopted.

23 MR. PESCE: Would you like me to just send them to
24 chambers or is there -- I'll just I can just reach out to
25 your clerk and figure out the best way.

1 THE COURT: Well, I think it's best -- unless is
2 there some reason it shouldn't be posted on ECF?

3 MR. PESCE: I do not think so, but I will look at
4 them today and I'll let your chambers know if there's any
5 concern.

6 THE COURT: Unless there's an issue that you want
7 to raise about posting on ECF, I think in the spirit of
8 transparency throughout, I think the all of the stakeholders
9 here should know what rules the Committee is operating
10 under.

11 MR. PESCE: We will be happy to do that. I'll
12 file them under ECF later today.

13 THE COURT: Okay.

14 MR. PESCE: So building on the theme of
15 transparency, you know, we are focused on not, on not just
16 the security of the coins and knowing what's happening
17 during the post-petition period, but we're also very focused
18 on our investigation of what precipitated the bankruptcy
19 filing. There was an initial 341 meeting where White and
20 Case questioned the CFO under oath for an hour. A last we
21 had to yield the podium to the numerous creditors that
22 dialed in. Mr. Mashinsky was there and we did not have the
23 chance to question him about matters yet, but his time, I
24 expect, will come soon.

25 Since then, we've been keeping at it. We filed --

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1 we have served, rather, over 300 document requests to date.
2 In particular, we have served discovery on the Debtors and
3 six of their top management including Mr. Mashinsky.
4 Subpoenas are now rolling out to third parties that we
5 believe the estate has potential claims and causes of action
6 against, or might have information about valuable causes of
7 action.

8 We're happy to report that at our request, the
9 Debtors signed the 2004 stipulation. They're working with
10 us on the production and they've committed to producing
11 documents on a rolling basis and, in fact, we expect we're
12 going to get another production. We've also spoken --

13 THE COURT: The U.S. Trustee's motion for
14 appointment of an examiner is on the agenda for September
15 14th. Is the Committee going to take a position on it?

16 MR. PESCE: We're in dialogue with the Debtors and
17 the United States Trustee. At this at this time, we do have
18 significant concerns regarding the cost of an examination
19 when we've already started our investigation. And we've let
20 the U.S. Trustee know of that issue. We really -- the
21 company doesn't have money to kind of go into hibernation
22 while an examiner does his or her work. So we really want
23 to guard against the cost and delay attendant to that. That
24 said, you know, we've let the Trustee, the United States
25 Trustee know that we're open to, you know, a consensual

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1 resolution if it would mean a minimal cost and ensuring
2 transparency. But again, we just don't want the case to
3 kind of go into hibernation, as I'm sure Your Honor is seen
4 in other situations, where there's more money or more time.
5 Our constituency needs to get their coins back as quickly as
6 possible.

7 THE COURT: I think that, again, the motion isn't
8 on the calendar for today. If there is an examiner
9 appointed, there needs to be, for want of a better term now
10 I'll call it a protocol between the Committee, which
11 certainly at first day hearing and again today has spoken
12 about the extensive investigation it's doing. And there
13 needs to be a protocol if there is an examiner appointed to
14 assure as little duplication of effort as possible. I think
15 I'll address obviously on the 14th -- hopefully you can
16 reach a resolution with the U.S. Trustee about that.
17 Obviously the Debtor, that's the one power a debtor in
18 possession does not have is to investigate itself. But the
19 Committee does have that power. An examiner has that power.
20 If there is going to be an examiner, I agree with you that
21 it needs to go -- there needs to be I think some clear
22 definition of what the Committee will do, what the examiner
23 will do to avoid duplication of effort and try to keep it
24 moving as quickly as possible. Those are just some thoughts
25 I raise now because you, again, talked about the extensive

1 investigation that the Committee is undertaking. Let me
2 leave it at that. This is for the agenda for September
3 14th.

4 MR. PESCE: Yes. We appreciate your guidance
5 there. We will continue to talk to the Trustee's Office and
6 the Debtor and keep those comments in mind as we get to the
7 14th.

8 THE COURT: Okay.

9 MR. PESCE: So other than the investigation, I
10 think there's just two other just points I want to raise.
11 When Mr. Kwasteniet was speaking, he mentioned the meetings
12 that we have had with Celsius and, in fact, last week our
13 Committee co-chairs, White and Case, our advisors, we met in
14 New York City and person with Mr. Mashinsky, Kirkland and
15 their other advisors for our second in-person meeting and
16 our first with Mr. Mashinsky himself.

17 So let me just talk a little bit about the exit
18 strategy here. You know it goes about saying the Debtor's
19 customers and creditors are individuals that are -- that
20 have invested significant sums with the Debtors and we need
21 to see a resolution as quickly as possible. The Debtors are
22 burning through cash at a rate that is too high and
23 threatens to compromise creditor recoveries in this case.
24 So we're working to find a resolution that will permit a
25 quick and value-maximizing exit from Chapter 11 because the

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1 Debtors simply can't afford to linger in Chapter 11. And it
2 won't be fair for people who have their life savings, their
3 college funds, et cetera tied up in this case for an
4 extended period of time.

5 So the Committee is working to evaluate whether a
6 standalone restructuring is feasible at all. As part of
7 that process, as I mentioned, we had our meeting with Mr.
8 Mashinsky to consider his views on the topic, but that is
9 not the end of -- that is not the last word by any means.
10 We're interested in hearing from any parties about proposals
11 that those parties think will maximize value and we're
12 particularly focused on proposals that will focus on an in-
13 kind distribution. Just to echo some of the comments that I
14 made about --

15 THE COURT: Mr. Rojas, please mute your line.

16 MR. PESCE: Thank you. But suffice it to say
17 there's numerous securities and regulatory issues that we're
18 working through to determine feasibility. We've started to
19 speak to regulators to get their input on this topic because
20 that's going to be very important. We're also looking in
21 particular on the viability of the mining operation which
22 could, under certain circumstances, be an important part of
23 a reorganization strategy. To that end, several Committee
24 members and the advisor group are planning to travel to
25 Midland, Texas later this month for a site visit to conduct

1 due diligence on the mining operation to more fully assess
2 its value. And we're looking forward to making that trip
3 given the importance of the mining operation.

4 At the same time though, the Committee has
5 important questions regarding the viability of a standalone
6 restructuring. We've told the Debtors they need to
7 simultaneously explore other alternatives to ensure we can
8 get a value-maximizing outcome as quickly as we can. We've
9 told the Debtors that they need to expand the GK8 marketing
10 process, which is a topic for hearing later today, to
11 encompass all of their assets and all potential new
12 investments.

13 We've had promising discussions with the Debtors
14 and we understand they will be supportive of some type of
15 market check. The timing, structure, and nature of that
16 process, however, is still very much under discussion. That
17 said, the Committee really wants to see progress on the
18 matter as quickly as possible this month so that the
19 investors that are contacting us directly, all of whom we
20 direct to the Debtors, can have visibility into how they can
21 participate in that process and have a real competitive
22 process.

23 The final, just a quick point, just to echo what
24 Mr. Kwasteniet mentioned about our communications efforts.
25 It goes about saying this is a very unique case. We're

1 evaluating ways to speak to our constituency that are, that
2 are novel and unique and frankly made me have to learn about
3 aspects of social media and technology that I had no prior
4 awareness of. To that end, we're undertaking preparations
5 to hold what's called an AMA or ask me anything style town
6 hall. We expect that's going to happen in mid-September
7 We've also set up a Twitter handle, CelsiusUCC that we use
8 to communicate with, you know, our over 10,000 followers.
9 We expect that we'll solicit questions on the Twitter feed
10 and other social media as well as our case website that's
11 run by Kroll, to make sure that the town hall meeting is as
12 productive as possible. In a similar vein, Kroll is being,
13 we're proposing to engage them as our information agent.
14 Kroll is working around the clock to address the hundreds of
15 inquiries received to date by phone, by email, by letter to
16 make sure they get a customer-centric versus a Celsius-
17 centric response. We feel this lets customers be more open
18 with us and get input. We have FAQs that we've posted based
19 on some of the questions that have come up repeatedly.

20 And in the coming weeks, we should just note,
21 account holders and all unsecured creditors are free to
22 contact us either through the CelsiusUCC Twitter handle, the
23 website or White and Case directly. Those email addresses
24 are all publicly posted.

25 So in closing, we do appreciate the Debtor's

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1 efforts to work with us in our demands. This is the early
2 stage of the case though and we have a lot of work to do
3 here and we're going to continue to do that in the coming
4 weeks. So we thank Your Honor for your time and my
5 colleagues, Mr. Colodny and Ms. Smith will be speaking on
6 some other matters later today. Thank you.

7 THE COURT: All right. Thank you very much. Mr.
8 Kwasteniet.

9 MR. KWASTENIET: Your Honor if that concludes the
10 opening remarks, which it does from our standpoint, I
11 propose that we move into the agenda. The first topic is
12 the sealing motion and I would yield the podium to my
13 colleague, Ms. Jones.

14 THE COURT: Thank you.

15 MS. JONES: Good morning, Your Honor, Elizabeth
16 jones of Kirkland and Ellis on behalf of the Debtors. Your
17 Honor, starting with the first item on the agenda is the
18 Debtor's request to redact certain personal identifiable
19 information pursuant to Section 107.

20 Your Honor, this motion was filed at the docket at
21 Number 344 and we're moving forward today on a contested
22 basis as we received an objection from the U.S. Trustee at
23 Docket Number 607. And as we note in our papers, we believe
24 that the U.S. Trustee's objection to the retention
25 applications filed at Docket Number 601 are more akin to an

1 objection here with requests for our sealing.

2 Your Honor, at the outset, I'd like to take a
3 minute to move the declaration of Mr. Holden Bixler into
4 evidence. Mr. Bixler's declaration was attached as Exhibit
5 F to the motion filed at Docket Number 344. And at this
6 time, the Debtors are not currently planning to call to the
7 stand Mr. Bixler to ask him any questions. And we're not
8 aware of any objection to his declaration or other intents
9 to cross-examine him, but he is here on the line and
10 available should any party have any questions.

11 THE COURT: Let me ask. Are there any objections
12 to the Court admitting in evidence for the purpose of this
13 hearing, the Bixler declaration which is Exhibit F to ECF
14 Docket Number 344? Hearing no objection, it's admitted in
15 evidence.

16 (Exhibit F admitted into evidence)

17 THE COURT: Okay, go ahead.

18 MS. JONES: Thank you, Your Honor. Your Honor,
19 the relief requested in this motion is extremely important
20 to the Debtors. We won't belabor the point as we set it out
21 fully in our pleadings, but as an initial matter, the
22 Debtors face a very severe risk of harm if their customer
23 home addresses and email addresses are published on the
24 docket. And perhaps, and even more important to the Debtors
25 as well as those listening in, is that any individuals

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1 involved in this case are at risk of significant harm if
2 their home addresses and email addresses are published on
3 the docket. And with respect to certain citizens protected
4 by the EU and UK GDPR, their names as well.

5 THE COURT: Let me stop you because in reading the
6 papers, I don't believe anybody has addressed this issue.
7 Bankruptcy Rule 1007(j) provides -- it's on impounding of
8 lists. And it provides on motion of a party in interest and
9 for cause shown, the court may direct the impounding of the
10 list filed under this rule and may refuse to permit
11 inspection by any entity. The court may permit inspection
12 or use of the list however, by any party in interest on
13 terms prescribed by the court. Collier addresses Rule
14 1007(j), in 9 Collier, Paragraph 1007.10, 16th Edition 2022.
15 I won't read the entire portion of it. I'll read part of
16 it. It says "Federal Rule of Bankruptcy Procedure 1007(j)
17 permits the court on motion of a party in interest or for
18 cause shown to direct the impounding of the list and either
19 to refuse to permit inspection by any entity, or to permit
20 inspection or use of the list only on particular terms
21 prescribed by the court." And it goes on in the next
22 paragraph, "By its terms, Rule 1007(j) applies to the
23 impounding of lists, but not to the impounding of schedules
24 and statements filed by the debtor. In general, lists of
25 creditors, which will often include customers and others

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1 with whom the debtor has dealt, are likely to contain the
2 most sensitive information. In situations in which
3 schedules or statements contain information that should be
4 kept confidential, however, the court can presumably order
5 similar impounding of the information under Section
6 107(b)(1) or it's general equitable power under Section 105
7 if not under Rule 1007." As I said, it's a 9 Collier,
8 Paragraph 1007.10.

9 Nobody has addressed that least. I didn't see it
10 in in any of the papers. I share -- I will be very candid.
11 I share the U.S. Trustee's concerns about not -- I'm less
12 troubled about addresses and email addresses than I am about
13 the names of the creditors. And this includes European, you
14 know, people who live outside the United States. I
15 understand the EU and the UK have more robust privacy rules
16 than we may here, but this case is pending here. The
17 creditors are creditors of U.S.-based debtors. And while
18 I'm sensitive to foreign law and regulation, I'm concerned
19 about not at least listing the names. So I want you and the
20 U.S. Trustee to consider one thought I've had, but certainly
21 haven't decided it, is to permit sealing of addresses and
22 email addresses but not the names, and it would be impounded
23 and any party in interest with copies to the U.S. -- of
24 unredacted information to the U.S. Trustee to the UCC,
25 perhaps also -- I haven't focused on this at this point, to

1 the Ad Hoc Committees as well. And making clear that any
2 other party in interest can seek to have access to that
3 information. And the Court, if it can't be resolved
4 consensually, the Court will obviously have to address it.
5 But none of the briefs that I read sort of headed down this
6 avenue. I wanted to put this out on the table now for you
7 and Ms. Cornell to address in their comments. Go ahead.

8 MS. JONES: Thank you. Your Honor. As an initial
9 matter with respect to names and as we get into some of the
10 GDPR concerns, we do have one of our partners from our
11 European offices, Ms. Jennifer Wilson, we filed a pro hoc
12 for her at Docket 672 and she can address some of the
13 specific GDPR concerns, especially with impounding and I'm
14 happy to turn it over to her after this.

15 But with respect to customers or other individual
16 names in these cases, if it's a European Individual and it's
17 not filed in the schedules and statements, or not filed in
18 another list, that potentially raises a different issue.
19 And if your suggestion is -- and we can talk to the U.S.
20 Trustee as well, is that any place that that comes up, we go
21 with the impounding under 107(j), I think that's definitely
22 something that can --

23 THE COURT: 1007(j).

24 MS. JONES: Oh sorry, 1007(j), then that's
25 definitely something that we're happy to discuss with them.

1 But the relief that we're seeking goes beyond just the
2 schedules and statements or creditor matrix. It's really
3 disclosing those individuals names in any document, but
4 we're happy to enter into those discussions and again, if,
5 you know, if you're amenable to it, I'd like to see the
6 podium to Ms. Wilson to let her address some of the concerns
7 in this particular context of the GDPR, and how impounding
8 that list versus redacting it would basically fall in
9 compliance with that and would prevent the Debtors from
10 accidentally incurring massive amounts of fines by
11 disclosing that information.

12 THE COURT: What are you proposing to do when
13 people file proofs of claim? I'm not going to, I'm not
14 going to allow anonymous proofs of claim. I can tell you
15 right now.

16 MS. JONES: Yes and, Your Honor, we believe that's
17 a little different because the individual is consenting to
18 the jurisdiction of the Court. So they are volunteering
19 their name and information on their own basis versus the
20 Debtors publishing and putting that information without
21 their consent because they may not be aware that this is a
22 requirement of the bankruptcy process. And because of the
23 rules of the GDPR, allow for consent in those circumstances
24 by individuals. So we do think that where an individual
25 volunteers that information, that they've consented to

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1 having their name and we're not seeking to redact that
2 information.

3 THE COURT: So the problem I see with -- one
4 problem I see with that is if creditors' claims are
5 scheduled as undisputed, they don't have to file a proof of
6 claim. And I don't like the notion of anonymous claims
7 against the estate and it may be that I'll get the
8 unredacted list, the U.S. Trustee, and the Committee, but,
9 you know, Section 107 is not intended just to make sure that
10 the Court and the Committee and the U.S. Trustee have access
11 to the information.

12 MS. JONES: And we understand that, Your Honor,
13 and it's also why we provided an avenue in the order for
14 other parties and interests to request first from us. And
15 if, for whatever reason, we don't think it's appropriate and
16 we say no, that they can come to the Court. We do
17 understand that that is a little bit more of an additional
18 burden, but in these circumstances where -- and this is a
19 motion again coming up on the 14th that we filed a few days
20 ago, where names and account balances or names and claims
21 filed in one place essentially provides these individuals
22 very, very prone to attacks in the sense that it's as if
23 we're putting their entire account number and balance online
24 available for cyberattacks. And so we do understand that
25 again, as has been talked about multiple times, that this is

1 a unique case and we're facing unique problems that we don't
2 have in other circumstances.

3 THE COURT: Yeah. But if I, if I approve what
4 you're asking for, I've opened -- do you think you're the
5 only one who's going to come in and ask to seal the names of
6 creditors as well as identifying information about them?
7 That what I am quite hesitant to do.

8 MS. JONES: And we understand that, Your Honor.
9 We do think that this case is different and distinguishable
10 in the sense that customers and creditors are essentially
11 the same constituents here, where in a lot of other cases,
12 customers, there may be some --

13 THE COURT: Let me say that I don't -- I haven't
14 bought into the argument that this is confidential
15 commercial information. To me, the only part of, you know,
16 that, that you've gotten some traction about but there's an
17 absence of evidentiary support, is Section 107(c)(1), undue
18 risk of identity theft or other unlawful injury to the
19 individual or the individual's property. I'm really not
20 ruling that. I'm not persuaded by anything you've written
21 that this is confidential commercial information. I dare
22 say many of -- I don't know how many account holders have
23 accounts in other platforms as well, other than Celsius.
24 And so I don't view this as -- I have difficulty, let's say
25 -- I'm not ruling yet, but I have great difficulty finding

1 that this is confidential commercial information.

2 MS. JONES: We understand that, Your Honor, and we
3 do explain that in Mr. Bixler's declaration and he is here
4 and happy to answer --

5 THE COURT: I just told you I'm not persuaded by
6 it.

7 MS. JONES: We understand, Your Honor. And we
8 would be happy to file supplemental evidence in support of
9 that. We have no issue explaining further to the Court if
10 you're looking for that additional evidence. And we
11 understand your hesitation and the need to limit redaction
12 to that which is absolutely necessary. And again, we have
13 no problem with that. But we do think here in these
14 circumstances that the safety of these individuals does
15 overrun.

16 THE COURT: You've raised the issue about the
17 safety of individuals, but you've not put in any evidence
18 about threats to customers. You've raised the specter of
19 threats against employees of Celsius. Let's put that aside
20 for a moment. But you put in no evidentiary support that
21 would allow me to find 107(c)(1) has been satisfied such
22 that I'm going to prevent identifying the names of your
23 customers. Certainly, all the letters that the Court
24 receives, they're signed, that got addresses, many of them
25 have addresses. I haven't seen any creditor show reticence

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1 about coming forward and complaining about what did or
2 didn't happen with respect to the debtor. Is there any
3 other -- anything other than in your papers you want to
4 argue?

5 MS. JONES: One thing I did want to note, Your
6 Honor, respectfully, we do attach some emails from
7 individual customers saying they are concerned about their
8 safety. So we have provided that with our papers and in
9 addition with respect to customer names, again, we're only
10 seeking that with respect to the EU an GDPR and I'm happy to
11 have my colleague, Ms. Wilson discuss that point further.
12 With U.S. names, we're not seeking to redact that. And an
13 additional point is, you know, this information will stay --
14 I apologize, Your Honor, but the last time we looked at the
15 letters, there were approximately over 350 that had been
16 filed and of those, less than 30 had included their home
17 addresses and email addresses attached to that.

18 THE COURT: All right. let me hear from your
19 colleague on the EU GDPR restrictions.

20 MS. WILSON: Good morning, Your Honor. It's
21 Jennifer Wilson here from Kirkland and Ellis. So as Ms.
22 Jones has commented, there are various hurdles under the
23 GDPR. I'm sure you're aware of those and we set those out
24 in our reply.

25 Firstly, there needs to be, there would need to be

1 a lawful basis on which to disclose European or U.K.
2 individuals' names.

3 THE COURT: The lawful basis is the bankruptcy
4 code.

5 MS. WILSON: And that's, and that's where we come
6 up with an issue in that the GDPR only acknowledges and
7 recognizes European laws and UK laws as providing a legal
8 obligation to disclose personal data. And so you're then
9 left with looking at a legitimate interests argument being
10 the legitimate interests of the Debtor and the U.S. Trustee
11 and other interested parties in receiving this information.
12 But as we set out in our, in our reply, you can only really
13 rely on that as a basis if it's absolutely necessary for you
14 to disclose that information in order to satisfy the
15 objective, which would be compliance with the bankruptcy
16 code.

17 And our understanding is as Ms. Jones has set out
18 is that we can still comply with the code while, you know,
19 removing the names from the public docket, but making that
20 information available through other means. And so, you
21 know, we're faced with -- we're stuck between a rock and a
22 hard place in terms of squaring disclosure of the unredacted
23 information with compliance.

24 THE COURT: If I order it, you've got to do it and
25 your defense is you've been ordered by a court in the United

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1 States to provide that information. So the -- I must say,
2 the only time when an issue, something of this sort arose
3 before me, was in a Chapter 15 case with the main proceeding
4 and Anguilla of a bank and their regulations prohibited the
5 disclosure of the names of the account holders. And I
6 permitted in the Chapter 15 case that a code sheet would be
7 used, the U.S. Trustee would be given the names, but that
8 seems to me different because it was in a Chapter 15 case
9 where the main proceeding was in a country that prohibited
10 the creditors in that case from having to disclose their
11 names. This is a step much further, but I'll ask Ms.
12 Cornell about it.

13 I'm sensitive to -- and I try to be respectful of
14 foreign law, but should that foreign law be given extra
15 territorial effect to override bankruptcy code provisions
16 about what's supposed to be included in schedules? Do you
17 have any case law that supports where a U.S. court has found
18 that foreign law trumps or overcomes a U.S. law requirement
19 with respected disclosure in a U.S. court proceeding?

20 MS. JONES: Your Honor, no, we don't have that and
21 we would be happy to file supplemental briefing on that.
22 But I do want to clarify that our position is not that the
23 GDPR trumps it or overrides it, but rather that we are
24 seeking to comply with both provisions through the means
25 provided by the bankruptcy code.

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1 THE COURT: Well, if it over -- look, if foreign
2 law -- if I had to apply foreign law on this issue that
3 would be one thing. Okay. But you're not arguing that.
4 You're arguing that I guess 107, 105 somehow gives me the
5 authority to excuse the debtor from at least providing the
6 names of creditors on the schedules. All right. Anything
7 else you want to I want to add? I really do want to hear
8 from Ms. Cornell. I haven't, I really haven't resolved
9 this. I'm concerned about this because I'm, you know,
10 mostly in the Chapter 15 context, I see this. I see issues
11 of this sort arising, but there's a main proceeding pending
12 in another country and that's not, that's not this.

13 MS. WILSON: Your Honor --

14 MS. JONES: If I could -- sorry, go ahead, Ms.
15 Wilson.

16 MS. WILSON: If I could, if I could add one thing,
17 one trend that we're seeing as really real here in Europe is
18 that particularly high profile cases like this, there is a
19 real threat of individuals bringing private actions for
20 breaches of the GDPR and given, you know, given the scale
21 of the individuals and the volume of individuals' details
22 that would be disclosed here, we think that that is a risk
23 that cannot be ruled out.

24 THE COURT: Well, they're going to have to bring
25 your private action in this court before me and I'll be the

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1 one who have to deal with it. All right. Let me hear from
2 Ms. Cornell.

3 MS. CORNELL: Good morning, Your Honor. Shara
4 Cornell on behalf of the Office of the United States
5 Trustee. How are you?

6 THE COURT: I'm fine. Go ahead.

7 MS. CORNELL: As a preliminary matter, our office
8 agrees with the Court's earlier remarks today. This case
9 demands extraordinary transparency. And we share the
10 concerns of the Court. We agree that the Debtors have not
11 met their burden to demonstrate that this is confidential
12 commercial information. And should the Court rule that a
13 portion needs to be sealed --

14 THE COURT: Let me stop you here.

15 MS. CORNELL: Sure.

16 THE COURT: What I what I expressed already. I'm
17 not persuaded it's confidential commercial information. But
18 that doesn't end the issue.

19 MS. CORNELL: I understand, Your Honor. I just
20 want to let Your Honor know that we support this Court's
21 earlier statements. That if you're not inclined to seal the
22 names of the creditors, we understand that inclination.

23 THE COURT: I'm not sure what that means. You may
24 understand my inclination, but disagree with what I might
25 rule. Does the U.S. Trustee object to any order that would

1 require disclosure of the names of the creditors but
2 "impound" additional information that would have addresses
3 et cetera, and make it subject to essentially the similar
4 procedure that Rule 1007 contemplates? I need to know what
5 your position is on that. As I said nobody -- I started by
6 saying neither side had addressed that rule. Go ahead.

7 MS. CORNELL: Thank you, Your Honor. I think at
8 this time I would need the opportunity to review both the
9 bankruptcy code and the bankruptcy rules and Your Honor's
10 comments before responding.

11 THE COURT: Okay.

12 MS. CORNELL: Thank you.

13 THE COURT: Address the EU GDR issue, if you
14 would.

15 MS. CORNELL: Sure. These debtors have
16 voluntarily sought relief in this bankruptcy court in the
17 United States. They've provided no basis whatsoever that
18 while this case was filed in the United States that the GDPR
19 should be applicable. I think Your Honor's comments are all
20 appropriate. And we have not seen anything to date that
21 would require the sealing of this information pursuant to
22 the GDPR in this case.

23 THE COURT: Are you aware of any case law at all
24 dealing with the application of EU GDR regulations on
25 confidentiality and disclosure in court litigation?

1 MS. CORNELL: I'm not, Your Honor, I'm not.

2 THE COURT: All right. There are some hands
3 raised. I'll try and identify the people in the order in
4 which they raise them. Mr. Herman.

5 MR. HERMAN: Yes, Your Honor. Just a quick thing
6 I wanted to note. I don't know if this is a limited
7 objection or just something I wanted to note for the Court
8 on this matter. But essentially, you know, I generally
9 agree with protecting emails, phone numbers, that sort of
10 information. I do agree that that would lead to phishing
11 and other sort of cybersecurity risks. I do want to make
12 sure the Court preserves some ability for organized customer
13 groups to communicate with classes of customers. So I would
14 not support a ruling that essentially gives Celsius and
15 Kirkland and Ellis exclusive rights to communicate with
16 customers. What I would propose is that the Court protect
17 the information using something along the lines of a court
18 approved constituent relationship management system, so that
19 for example, we could later in the case get a court order to
20 email U.S. customers, for example, and inform them about an
21 Ad Hoc Committee that we're creating. So if the Court were
22 to simply impound and, you know, just not allow this
23 information to be accessed in any way, it would give Celsius
24 exclusive rights to communicate with customers and control
25 the narrative. and Celsius has certainly been controlling

1 the narrative, deleting information off of the internet,
2 sometimes deleting, sometimes hiding, shall we say, I'm not
3 actually accusing them of necessarily doing anything that
4 violates the law at this point in that regard, but I think
5 they're definitely close to the edge there.

6 But my broader point is just that there are ways
7 to protect people's information while still preserving --
8 there are public policy reasons that you know that we should
9 be able to get full contact information. However, I think
10 it would be very detrimental to customers and creditors for
11 that to just be spilled out. I think the Court would have
12 to very carefully balance like through a motion that sort of
13 access. And I don't really have that much of an opinion on
14 the names to be honest with you. I'm going to let the other
15 parties hash that out.

16 THE COURT: Thank you, Mr. Herman. Mr. Ubierna.

17 MR. UBIERNA: Yes, Your Honor. Thank you. I want
18 to say that I'm a customer from the European Union. More
19 specifically, I'm a customer of services from Spain and I am
20 the one hand, I'm concerned about my home address being
21 published. But on the other hand, I am also concerned about
22 the lack of transparency by services over the last time. So
23 I think that a balance needs, to be needs to be found. I
24 agree with what you propose about the names, 81 names also
25 European customers being made public, but not home

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1 addresses. And I think that the GDPR also allows the use to
2 share the names. Their right to privacy is not absolute.
3 The right of transparency also applies here in Europe and on
4 many occasions, both ways oppose each other. So a balance
5 needs to be, needs to be found. And in the judicial
6 proceedings if it's necessary to publish the name of
7 creditors and the names of other parties, I think that it is
8 necessary and the GDPR would support publishing the names of
9 creditors for transparency. But if it is necessary to
10 publish the home addresses of creditors, I do not think so.
11 And the GDPR will not permit that, but for such defense
12 against any claims for breaching the GDPR, one thing that
13 the GDPR allows is for when it comes to the processing of
14 personal information, one thing that the articles of the
15 GDPR says is that processing of personal information shall
16 be lawful when it's necessary for compliance with a level of
17 obligation to which the controller is subject. And if the
18 system is subject to order from this Court, I think that
19 the, that the GDPR and the data protection authorities from
20 any country in Europe will understand that because it is, it
21 is, it is in the code there. So, I don't know. I support
22 what you have said. I don't want to take any more of your
23 time.

24 THE COURT: Thank you very much, Mr. Ubierna. Ms.
25 Kovsky.

1 MS. KOVSKY: Thank you, Your Honor. Debb Kovsky
2 for the Ad Hoc Group of Withhold Account Holders. We did
3 file a statement in the court of this motion at Docket 633.
4 We addressed only the arguments under Section 107(c) since
5 that's what directly applied to our group. And we thought
6 it would be helpful for Your Honor to hear from the people
7 who would be most affected by the potential publication of
8 their personally identifiable information, their home
9 addresses --

10 THE COURT: Let me interrupt to ask this question.

11 MS. KOVSKY: Sure.

12 THE COURT: If their addresses and email addresses
13 were under -- redacted, do you have that same concern about
14 their names?

15 MS. KOVSKY: We haven't really addressed that
16 since the Debtors hadn't sought to redact names in the U.S.

17 THE COURT: I'm asking you that now.

18 MS. KOVSKY: We've sort of -- I think all the
19 members of my group have resigned themselves to the fact
20 that their names are going to be out there. We filed a 2019
21 statement. Their names are of public record and we agree
22 that there has to be some balancing between transparency and
23 protecting the legitimate privacy and safety interests of
24 individual depositors. I think what Mr. Herman was
25 suggesting is very much along the lines of what the Debtors

1 have already proposed, which is what gets filed on the
2 public docket is redacted in the important personally
3 identifiable information that could put people at risk is
4 not made public. And they have basically themselves
5 impounded those lists so that only people with a legitimate
6 case-related purpose for needing access to them can actually
7 get it. Which is exactly what Mr. Herman is suggesting.
8 Which I think is what the Debtors have already suggested,
9 which to the Ad Hoc Group makes sense.

10 THE COURT: If the names are -- if it's anonymous,
11 you know, well I have problems with not including the names.
12 I've said that already.

13 MS. KOVSKY: And, Your Honor, the Ad Hoc Group
14 does not have an objection to the names being included. The
15 concern is more putting out email addresses, which of
16 necessity, are the specific email addresses connected with
17 their Celsius accounts. It gives hackers half the
18 information they need. We're concerned about home addresses
19 for the reasons stated in our statement.

20 THE COURT: You have a sympathetic audience on the
21 issue of home addresses and email addresses, okay. I'm not
22 ruling that, but I understand your position.

23 MS. KOVSKY: Thank you, Your Honor.

24 THE COURT: Mr. Ortiz.

25 MR. ORTIZ: Good morning, again, Your Honor, Kyle

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1 Ortiz of Togut Segal and Segal on behalf of the Ad Hoc Group
2 of Custodial Holders. I'm hearing what Your Honor is
3 saying, so I'll be really quick. We're not concerned about
4 names. We did file a joinder at 642, but you know, our
5 concern is mailing addresses and email addresses. And, you
6 know, reading the tea leaves here, I'm not going to waste
7 your time because I know we have a lot to get through. I
8 just note you did talk about evidence. It's kind of hard,
9 you know, tens of thousands to really know if somebody's
10 going to be harmed until after it's happened. And I know
11 it's not theoretical because it's happened in cases where
12 stalkers have found people. There have been home invasions.
13 I know that's anecdotal, but it's difficult to -- for the
14 Debtors, I think, to provide evidence on that particular
15 issue, just because of the size of it because you really
16 aren't going to know if there's a harm until after it
17 happens. So that's all I'll say, Your Honor. I do think
18 that the addresses and the emails should be put aside under
19 1007(j) or some other mechanism, but we don't have an issue
20 with the names.

21 THE COURT: All right, thank you. Ms. Smith.

22 MS. SMITH: Thank you, Your Honor. So Trudy Smith
23 on behalf of the Committee from White and Case. So we did
24 file a joinder to the Debtor's motion at Docket Number 399
25 and I won't belabor the point other than to say that we did

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1 support -- we do support the relief of redacting names and
2 email address -- I'm sorry -- email addresses and addresses.
3 With respect to the names issue, that's something we'll
4 definitely evaluate further especially in light of this
5 Court's proposal to the Debtors and the U.S. Trustee to
6 resolve this issue. But we do recognize the concerns with,
7 you know, the potential for hacking and we talk about that
8 and our joinder, as well as some of the experiences that our
9 Committee members have had with their information being
10 publicly disclosed. And granted they are participating in
11 this case. The individual account holders and unsecured
12 creditors didn't choose to be a part of this bankruptcy and
13 certainly didn't know that their information would be made
14 public when they signed up to use Celsius platform. So
15 we're aware of these issues and we'll consider that in light
16 of Your Honor's recommendation to the Debtors.

17 THE COURT: Well, it was an issue I raised. I'm
18 not sure I'd go so far -- perhaps it's a recommendation.
19 I'm obviously trying to steer through a complex area. I'm
20 very concerned about if I permitted total anonymity of
21 creditors, so their names wouldn't be there no other contact
22 information, I'm really concerned about that particularly if
23 -- well, let me leave it at that. Okay, let me go on to
24 mispronouncing your name is Yeoman-Taylor.

25 MR. YEOMAN-TAYLOR: Yes. Hello. I'm a creditor

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1 in the U.K. And it's very easy if you have someone's full
2 name to be able to find out where they live and find their
3 contact details. So perhaps what could be done --

4 THE COURT: Of course everybody knows who you are
5 now.

6 MR. YEOMAN-TAYLOR: Perhaps --

7 THE COURT: Your name is flashing across
8 everybody's screen.

9 MR. TAYLOR: Yeah. Perhaps putting their first
10 initial and then the surname might be better. That's all.

11 THE COURT: Thank you. Ms. Milligan.

12 MS. MILLIGAN: Good morning, Your Honor. Layla
13 Milligan with the Texas Attorney General's Office on behalf
14 of the State Securities Board. We will absolutely defer to
15 this Court's good judgment when it comes to sealing or
16 restricting information, especially personally identifiable
17 information. The only comment I would add is that we would
18 have a distinct interest in the ability to access that
19 information as appropriate on at least from a regulatory
20 standpoint to the extent that we may need information on
21 certain residents of different states or things, that type
22 of information. So we would just encourage the Court and
23 agree with the Court's comments about allowing access as
24 necessary and appropriate through a process that is clear
25 for those needing information.

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1 THE COURT: If I followed the, you know, 1007(j),
2 which doesn't strictly apply, but as I read, if you look at
3 that rule, the last sentence is the court may permit
4 inspection or use of the list, however, by any party in
5 interest on terms prescribed by the court. And certainly if
6 you couldn't agree with the other parties in interest to get
7 access to it, you make a motion to me. I think -- I
8 certainly understand the interest and the importance of the
9 regulator's efforts in connection with Celsius. So let me
10 leave it at that.

11 MS. MILLIGAN: Yes, Your Honor.

12 THE COURT: So at least what I put out there had
13 the method for assuring that parties in interest who had a
14 good reason for wanting to see the information could get
15 access to it.

16 MS. MILLIGAN: Yes, Your Honor.

17 THE COURT: Okay.

18 MS. MILLIGAN: Thank you.

19 THE COURT: All right. Thank you. Ms. Cornell.

20 MS. CORNELL: Thank you. Shara Cornell on behalf
21 of the Office of the United States Trustee. You Honor, I
22 just wanted to underscore one more point for you and this
23 Court. Since the filing of this motion, the Debtors have
24 filed and added its retention applications to the list of
25 related documents that also requires sealing. And we don't

1 know how many more motions are going to be included. In
2 fact, earlier in this hearing alone, we discussed certain
3 customers that maybe having funds returned to them. Are the
4 recipients of those funds going to be under seal?

5 THE COURT: Nobody is getting money back that
6 remains anonymous. I'll just make that crystal clear.

7 MS. CORNELL You know, the potential preferential
8 transfer recipients, are those going to be anonymous? I
9 think that it needs to be clear to the creditors out there
10 that there are going to be a lot of mechanisms going on in
11 this court where information may be made public. And it's
12 not just whether or not the schedules are going to be filed
13 under seal. It's also the retention applications and
14 whether or not the various professionals have conflicts and
15 there are a lot of parties that they need to, that need to
16 be reviewed and I just want to make sure that everybody on
17 the --

18 THE COURT: Let me just say for the professionals
19 and applications and confidentiality, I mean, the closest
20 example I have was my opinion in Motors Liquidation where I
21 required disclosure for purposes of evaluating conflicts.
22 And it isn't just a question of me having the information.
23 The way our system works is that the public is entitled to
24 know what the Court is considering for the, you know --
25 there may be exceptions, but I'm not so sure this is one --

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1 in deciding whether a professional has a conflict that would
2 prevent the Court from approving a retention, people are
3 entitled to know what is the conflict. So I'm, I feel quite
4 strongly with respect to the retention applications and the
5 sealing of information with respect to that. If people want
6 to be retained, they should know that they're going to be
7 required to make public disclosure of information that may
8 be relevant to the issue do they have an avoidable conflict,
9 a conflict that that prevents their retention?

10 It shouldn't only be the U.S. Trustee who has
11 access to that information, can file its objection, et
12 cetera. Ms. Smith, I'm going to recognize you one last time
13 briefly.

14 MS. SMITH: Thank you, Your Honor. Briefly, and
15 just to make a recommendation of my own, we would propose
16 maybe deferring the ruling on this issue until the 14th in
17 light of the issues that have been raised and so we can
18 caucus more together about --

19 THE COURT: Allow me to stop you there because I'm
20 not deciding it today. I'm adjourning the matter to the
21 14th. I'm directing the parties who filed anything with
22 respect to this issue to confer. I've suggested that
23 Bankruptcy Rule 1007(j) provides an appropriate approach to
24 resolving this issue. While I'm not ruling today, I want to
25 make clear I am -- I have the strongest reservations about

1 not requiring the disclosure of the names. I think
2 addresses, home addresses, email addresses is a completely
3 different matter. I'm sensitive, very sensitive to that
4 issue. So I want to give the parties who addressed this
5 issue in their papers to try and see whether they can reach
6 a consensual resolution of it. Okay. So I'm -- we're
7 adjourning this matter to the 14th and speak to each other
8 sooner rather than later to see whether you can have a
9 resolution. If you have a resolution, somebody file a
10 status letter or something on the docket so I know that
11 you've resolved the issue. Okay. Ms. Kovsky, you have your
12 hand raised again. I've already recognized you once. So
13 only very, very briefly. People get one shot.

14 MS. KOVSKY: Okay. I appreciate that Your Honor.
15 It's just a request to be excused. This is the only matter
16 up for hearing today that my group is interested in.

17 THE COURT: You're absolutely excused.

18 MS. KOVSKY: Thank you very much, Your Honor.

19 THE COURT: Okay. All right. So let's go on to
20 the next matter on the agenda. Hopefully everything won't
21 take this much time. Let's go.

22 MS. JONES: Thank you, Your Honor. Your Honor,
23 the next item on the agenda is the Debtor's cash management
24 motion which was filed at Docket Number 21. Your Honor,
25 earlier this morning we filed a revised proposed third

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1 interim order at Docket Number 674. I know Your Honor had
2 had raised questions earlier today about the U.S. Trustee's
3 objection that they filed at Docket Number 4 -- I'm sorry,
4 apologies -- Docket Number 592 as well as -- oh, I think
5 it's just sorry -- Docket 592, the most recent objection and
6 comment with respect to 345.

7 Your Honor, the Debtors and the U.S. Trustee and
8 the Committee are in discussions with respect to how to best
9 address that. And we've agreed to have that up for hearing
10 on October 6th. We will be seeking final relief. You know
11 we're happy to file what we, you know, resolve in leading up
12 to that, but with respect to the 345 point, we are
13 requesting that that be addressed at a later time. And with
14 respect to everything else in the third interim order, I'm
15 happy to walk you through the proposed changes. I know it
16 was filed shortly before the hearing and I apologize for
17 that. We may not give you enough time to review. So I did
18 want to walk you through those on the record if you prefer.
19 Otherwise, we request entry of the proposed interim third
20 interim order pending further resolution of the outstanding
21 items.

22 THE COURT: Let me ask, Ms. Cornell, what's the
23 position of the U.S. Trustee?

24 MS. CORNELL: Shara Cornell on behalf of the
25 Office of the United States Trustee. Yes, Your Honor.

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1 That's my understanding that the Debtors are only seeking
2 their interim order today and that we're going to continue
3 to work on the 345 issues that we raised in our limited
4 objection with both the Debtors and the Committee and have
5 it before Your Honor for an update at the October 6th
6 hearing.

7 THE COURT: All right, so you're not objecting to
8 the entry of that proposed interim order?

9 MS. CORNELL: No, Your Honor.

10 THE COURT: Okay. All right. I looked at the
11 order just before the hearing started. I raised my concerns
12 to Mr. Kwasteniet at the start about the safety and security
13 of crypto assets. You know, Ms. Cornell in one of your
14 briefs, you briefly addressed the issue of whether 345
15 applies to crypto assets. The Debtor did not engage with
16 that issue at all in its filings. So I'm not resolving that
17 issue. I think I viewed it as at this stage, at least,
18 assuming that 345 applies, the issue then becomes waiver and
19 has the Debtor, will the Debtor on October 6th, if there is
20 no resolution of the issue, as the Debtor made an
21 appropriate evidentiary showing that would support the Court
22 entering an order waiving the requirements of 345? I'm not,
23 I'm not reaching that now. It's an important issue.

24 I think the Debtor recognizes and the Committee
25 recognizes the safety and security of the assets are really

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1 crucial. And as I commented earlier, you know, as recently
2 as the most recent adversary proceedings that the Debtor
3 filed, didn't give me enormous comfort that all of their
4 assets are safe and secure and can be recovered easily.

5 So, I will approve the order on an interim basis
6 and we will put back on the agenda for October 6th. Thank
7 you very much. All right, let's go on to the next matter.

8 MS. JONES: Thank you, Your Honor. If it's okay
9 with you, I'm going to be handling the uncontested matters
10 on the agenda, 12, 13, 14 now. I'm happy to address those
11 at the end if you would prefer to stay in order. But once
12 I'm done with those, I'll be conceding the podium to my
13 colleague Mr. Briefel.

14 THE COURT: That's fine. Let's go ahead and do
15 that.

16 MS. JONES: Okay, thank you, Your Honor. Again
17 for the record, Elizabeth Jones of Kirkland and Ellis on
18 behalf of the Debtor's. Item Number 12, Your Honor, is an
19 additional sealing request filed at Docket Number 380. This
20 request is limited under 107(b) just to steal the names of
21 NDA parties for confidential purposes. We believe --

22 THE COURT: Let me stop you. I understand clearly
23 what that motion is about. Are there any objections from
24 anybody? Ms. Cornell, is the U.S. Trustee okay with this?

25 MS. CORNELL: Yes, Your Honor. I have no

1 objection to this motion.

2 THE COURT: That's fine. Anybody else want to be
3 heard? I fully understand and appreciate this. And in
4 other cases, I don't know whether I granted any orders, but
5 I permitted the nondisclosure parties to NDAs who wanted to
6 keep them in the game as bidders. All right, the motion is
7 granted.

8 MS. JONES: Thank you, Your Honor. The next item
9 on the agenda is Number 13, the Debtor's second request for
10 an extension to file their schedules and statements. Your
11 Honor, we filed a revised proposed order this morning at
12 Docket Number 671 that just slightly adjusted the time frame
13 from an addition 30 days, to an additional 34, the 12th to
14 the 16th. And prior to filing, it we did clear that with
15 both the U.S. Trustee and the UCC and they were both in
16 agreement that we could seek that additional four days. So
17 unless Your Honor has any questions, we respectfully request
18 entry of the additional revised proposed order.

19 THE COURT: It's approved. It's granted. I just
20 make this additional comment. When we get to the de minimus
21 assets issue, what I -- you know it's very hard for the
22 Court and I know the proposed order on de minimus assets
23 seems to be consensual. I don't know whether the U.S.
24 Trustee is on board with it or not, but, you know, without
25 schedules, I have no clue what's the de minimus asset. You

1 know this really does link together. So I'm granting the
2 motion on extending the time on schedules. But my concern
3 really arose for the later motions about sale of de minimus
4 assets without schedules to know what's what. Go ahead, go
5 on with your next matter.

6 MS. JONES: Thank you, Your Honor. We understand
7 that. And then the last one that I'll be presenting, Your
8 Honor, is the creditor, the final word on the creditor
9 Matrix motion and that was filed a revised proposed order
10 but understanding that that also relates to some of the
11 sealing requests that have been adjourned to the 14th. If
12 Your Honor is okay with that, we would just propose
13 adjourning this motion as well so that we can address the
14 sealing request appropriate with your ruling on the 14th.

15 THE COURT: All right. Any objections to that,
16 putting this over to the 14th? Okay. We'll put it over to
17 the 14. Thank you very much.

18 MS. JONES: Thank you, Your Honor. With that, I
19 would like to cede the podium over to my colleague, Mr.
20 Briefel.

21 THE COURT: Okay.

22 MR. BRIEFEL: Thank you. Good morning, Your
23 Honor. Simon Briefel of Kirkland and Ellis proposed counsel
24 to the Debtors. Can you hear me?

25 THE COURT: I do.

1 MR. BRIEFEL: Okay, great. So the next item on
2 the agenda is Item Number 3, which is the bidding procedures
3 motion that we filed at Docket Number 188. Through this
4 motion, Your Honor, we are seeking an order approving
5 bidding procedures as well as certain dates, deadlines and
6 notices in connection with the bidding procedures for a
7 potential sale of the GK8 business.

8 We described in our papers that the Debtors are
9 exploring a potential sale of the GK8 business and have
10 engaged Centerview to lead a marketing process started
11 prepetition designed to identify potential bidders and to
12 identify the best bid for the assets.

13 The marketing process and the bidding procedures
14 that were proposed to -- that we're proposing to approve
15 under the order, are designed to enable the Debtors to move
16 expeditiously to complete a thorough marketing process to
17 receive bids and to hold an auction, if one is necessary, to
18 determine the highest or otherwise best bid for the assets
19 and maximize value for all of the stakeholders.

20 As we described in our papers, I think there's
21 three dates that we're seeking, mostly three dates that
22 we're seeking to approve under the bidding procedures
23 orders. The first one is September 21st, which is the
24 deadline for bidders to submit final bids on the assets.
25 The second one is September 23rd as the date for potential

1 auction if one is necessary. And the third one is October
2 6th as the date for the sale hearing.

3 The motion was initially scheduled for the second
4 day hearing, which was on August 16th, but we had decided to
5 adjourn it light of comments and objections that we had
6 received from parties. Since that time, we had extensive
7 discussions with counsel for the Committee as well as
8 counsel to certain shareholders of the Debtors represented
9 by Jones Day and Milbank to resolve their comments. And so
10 I'm happy to report that I believe the order is now
11 presented on an uncontested basis. We filed a revised order
12 last night at Docket Number 665 which reflects that
13 resolution, but I will point out for Your Honor that we
14 filed a revised order during this hearing and apologies --

15 THE COURT: That one I didn't see.

16 MR. BRIEFEL: Say again?

17 THE COURT: That one I didn't see.

18 MR. BRIEFEL: Okay, exactly. So that was an order
19 that we wanted to get on file just to run a last minute
20 change that was signed off by parties with whom we've had
21 discussions and that's a change to the assumption and
22 assigning procedures simply to make clear that we would like
23 authority for the bidding -- excuse me for the assumption
24 procedures to allow us to assume a signed contract to a
25 purchaser that as long as this is allowed under the

1 bankruptcy code or as long as this is allowed by further
2 order of the Court.

3 So Your Honor, I'm happy to walk you through the
4 changes to the order if that would be helpful to you.
5 Otherwise I would respectfully request entry of the order.

6 THE COURT: All right. The Committee had filed an
7 objection. Let me hear from the Committee's counsel whether
8 those issues have been resolved.

9 MR. COLODNY: Good morning, Your Honor, Aaron
10 Colodny from White and Case. Can you hear me?

11 THE COURT: Yes, I can. Go ahead.

12 MR. COLODNY: Our issues have been resolved. I
13 would like to make a couple of quick points. I think the
14 first was made by my partner, Greg Pesce at the beginning of
15 the hearing which is we fully reserve our rights with
16 respect to the sale of GK8. And more specifically, we
17 understand the Debtor is going to be undertaking a marketing
18 process with respect to all of their assets and their whole
19 business. So it might make sense for GK8 to be sold
20 separately. It might make sense for it to be sold together.
21 And these bidding procedures preserve all optionality with
22 respect to that.

23 We have negotiated for and obtained consultation
24 rights to make sure that we are able to oversee what the
25 Debtor is doing. And otherwise we agree with the process of

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1 having a market check going out and seeing what the assets
2 are worth and bringing money into the estate if that's in
3 the best interests of the estate.

4 THE COURT: Thank you. Ms. Cornell.

5 MR. COLODNY: I have --

6 THE COURT: I'm sorry do you did you have
7 something else you wanted to add, Mr. Colodny?

8 MR. COLODNY: I had one point with respect to the
9 cash management motion that I wasn't able to be heard on but
10 I didn't want it to get buried that there is a new budget
11 that's a detached as I think it's on Docket 64 -- 674, Page
12 25 of 45. And it is different than the one that was filed
13 with the coin report in that the Debtor's found \$70 million
14 of receivables from loans that they didn't know. You know
15 finding --

16 THE COURT: I don't know whether that's reassuring
17 or not reassuring.

18 MR. KOLODNEY: That was my point, Your Honor.
19 Finding \$70 million is always a good thing, but it's
20 certainly concerning that it wasn't known beforehand. But
21 we've been working with the Debtor -- but I just wanted to
22 raise that to the Court's attention that there is additional
23 liquidity and it is expected to be received shortly.

24 THE COURT: Thank you very much. Ms. Cornell.

25 MS. CORNELL: Shara Cornell on behalf of the

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1 Office of the United States Trustee. I have no further
2 comments with respect to this motion. The Debtors worked
3 with us early on in the case when this was filed. So I have
4 no comment at this time. Thank you.

5 THE COURT: Is there anybody --

6 MR. KWASTENIET: Your Honor --

7 THE COURT: Hold on. Is there anybody else who
8 wishes to be heard with respect to the bidding procedures?
9 I've already permitted the sealing the parties with NDAs,
10 but other than that, anybody want to be heard?

11 MR. KWASTENIET: Your Honor, Ross Kwasteniet, if I
12 may just very briefly to the comment about "finding 70
13 million." The dollar amount was 61 million. It was known
14 to the company. It was believed to have been a loan in
15 stable coins which the company views as functionally
16 equivalent to U.S. dollars. It turns out in the fine print
17 the loan was actually U.S. dollars, not a stable coin that
18 is tied to, pegged to, has the same value as a U.S. dollar.
19 So those funds are expected to come back into the estate in
20 cash as opposed to in coin. It's a minor technicality. It
21 happens to like help out the company's cash liquidity
22 standpoint. So that's good, but this is not, I didn't want
23 to leave you with the impression that we just don't know if
24 60 million is coming or going. We knew it was coming. We
25 knew the dates, we knew the counterparty. The company had

1 just notated it from a bookkeeping standpoint as a stable
2 coin, which is functionally equivalent to U.S. dollar.

3 That's all, Your Honor. I didn't want to leave you with a
4 misconception.

5 THE COURT: I'm glad there's \$61 million dollars
6 in cash coming into the estate. All right. The next item
7 on the agenda is Mr. Frishberg's lift stay motion. Mr.
8 Frishberg, do you want to be here? The motion is filed as
9 ECF Docket Number 342.

10 MR. FRISHBERG: Yes, Your Honor. I would like to
11 be heard.

12 THE COURT: All right, please go ahead.

13 MR. FRISHBERG: First of all, as stated, I am
14 Daniel Frishberg and I was a customer of Celsius and I'm
15 currently representing myself in this case. First of all,
16 Your Honor, I'm sorry that I don't have a suit and tie like
17 the opposing counsel does. I don't have a suit.

18 THE COURT: I wouldn't worry about that, Mr.
19 Frishberg.

20 MR. FRISHBERG: Thank you. I will do my best to
21 be brief. There are several reasons why my motion should be
22 granted. First and foremost, quite simply I should not
23 belong, I should not be a part of these proceedings. I do
24 not belong in them. I specifically instructed Celsius to
25 close my earn account before Celsius filed for bankruptcy

1 but they refused to do so, which breached the terms of our
2 contract. According to the laws of numerous states as well
3 as our financial regulators, the earn account is according
4 to them, considered an unregulated security, which I as an
5 unaccredited investor, should have never had access to. I
6 should not have been allowed to have that account. I should
7 --let alone have been forced to have one after Celsius
8 refused to close my account numerous times, which in effect
9 caused me to effectively get my assets stolen and then
10 fraudulent transferred into the bankruptcy estate, which
11 forced me to participate in the Celsius bankruptcy as you
12 can see now, which I clearly should not be a part of and it
13 is a miscarriage of justice. There is nothing that
14 currently gives Celsius the legal authority to have custody
15 of my assets, let alone transfer me to the bankruptcy
16 estate. But Celsius did so anyways. And are now arguing
17 that my assets, since they're now part of the bankruptcy
18 estate, they should remain a part of it. It's effectively
19 like saying to a man who is innocent, we're going to keep
20 you in prison anyway because you're already here. That is
21 why Celsius should be in order to return my assets to me
22 like they should have when I instructed them to close my
23 account. Alternatively, I request -- respectfully request
24 an exemption to the automatic state to be able to see
25 justice in state court.

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1 Secondly, Celsius breached its fiduciary duty that
2 they're bound to by the moment it entered and I quote "the
3 vicinity of the zone of insulting" as has been found in
4 Credit Lyonnais Bank, Netherland, NV versus Pathé
5 Communications Corp. They're currently in breach of their
6 fiduciary duties to me by paying themselves extremely large
7 and lavish salaries and bonuses to the very big detriment of
8 the rapidly dwindling assets of the estate. Celsius has
9 also breached its fiduciary duties to me by committing acts
10 of fraud, which includes transferring my estate to the
11 bankruptcy estate -- transferring my assets to bankruptcy
12 estate, I'm sorry. This, in fact, opens up Celsius to a
13 mass amount of liability and brings me the question, how is
14 Celsius spending about \$50 million a month on expenses, most
15 of it on payroll in my best interests?

16 Thirdly, Celsius and the unaccredited -- sorry,
17 Unsecured Creditors Committee claims that allowing me to
18 exercise my constitutional right to due process would open
19 up the floodgates. That claim is ludicrous. I'm in an
20 extremely unique position due to Celsius clear and vagrant
21 breach of our contract. To the best of my knowledge, I am
22 the only person who has had their contract with Celsius
23 breached and nullified by Celsius, which would mean that
24 there would be no floodgates as Celsius puts to open.
25 Celsius claims that it requires extraordinary circumstances

1 for an exemption from the automatic stay to be granted. I
2 believe that having my assets effectively stolen and being
3 fraudulent transferred to the bankruptcy estate is an
4 extraordinary circumstance. Celsius has and is currently
5 ignoring their own terms of service and breached a contract
6 which again, is also extremely unusual and clearly
7 extraordinary. Allowing Celsius to be shielded from
8 liability and letting them keep what they effectively stole
9 from me would be setting a dangerous precedent. Celsius
10 should not be allowed to steal something entrusted to them,
11 declare bankruptcy, and then walk away with full immunity
12 and be able to keep what they stole.

13 Finally, Celsius committed fraud by intentionally
14 failing to disclose that they were insolvent and encouraging
15 me to deposit money into Celsius by claiming that they were
16 not insolvent, they were not taking any large risks and that
17 the deposits were safe as well as repeatedly denying that
18 there was any issues with liquidity and claiming that there
19 was no issues with solvency for months leading up to the
20 positive withdraws. Celsius and Alexander Mashinsky
21 personally made numerous fraudulent misleading statements
22 about how Celsius was generating its yield and the risks or
23 lack thereof. According to them, there was very little to
24 no risk involved. On top of all this, Celsius has attempted
25 to remove evidence of their claims by attempting to, as

1 other, as somebody else mentioned by removing/deleting
2 stuff, destroying evidence off of the internet, which in my
3 opinion, is obstructing the process of the Court and
4 obstructing justice itself. This destruction of evidence
5 amounts to obstruction of justice.

6 Similarly, one of the Debtor's lawyers, Mr.
7 Patrick Nash, in the past, in the past hearing, I believe it
8 was the second day hearing, lied to Your Honor about
9 unaccredited investors such as myself being able to access
10 earn accounts after April 2021. Since I filed my response
11 effectively stating that that was a lie, he has taken a much
12 smaller role in the bankruptcy. That is an example of
13 perjury committed by him and I obviously have not had a
14 communication from him since then.

15 And last but not least, Mr. Alexander Mashinsky
16 called accusations that Celsius had liquidity issues and
17 would potentially prevent withdrawals fud, which means fear
18 undoubt and distrust and fud and misinformation less than a
19 day before Celsius closed withdrawals. As of now, they have
20 not reopened them, which is mostly permanently. In
21 addition, there are, there is credible evidence due to a
22 study released by Arkham Labs, credible evidence that
23 Alexander Mashinsky, as well as other Celsius executives,
24 sold sell tokens, which is the token of Celsius, they
25 personally owned to Celsius, which was by using depositors

1 money even though Celsius had enough sell tokens to pay out
2 rewards and withdrawals as much they needed to. This is
3 another blatant conflict of interest and breach of fiduciary
4 duty. This is effectively a way for us to embezzle money by
5 transferring it away from Celsius depositors, such as
6 myself, to Alexander Mashinsky and other executives. These
7 are just a few examples of a pattern of lies and fraudulent
8 transactions that were perpetrated by Celsius and its
9 executives and now Celsius requests that this Court shield
10 them from liability.

11 In summary, Celsius would like to keep their ill-
12 gotten gains that they stole from me and to have immunity
13 from a lawsuit. For those reasons, their objection should
14 be denied. In conclusion, Your Honor, there's nothing that
15 gives Celsius the legal right to continue to hold onto my
16 assets, but yet they continue to do so. That is theft plain
17 and simple. I should not have my assets in the bankruptcy
18 estate since I should not be a part of these proceedings at
19 all due to the breach of contract on their part. Augmenting
20 and returning stolen assets would set a dangerous precedent
21 is completely nonsense. Returning my assets would not set
22 any precedent at all as courts routinely release assets from
23 bankruptcy that should not have been a part of those estates
24 in the first place. I can prove that my assets should not
25 have been a part of the bankruptcy process and I humbly

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1 request that Your Honor allows me to do so in state court.

2 Alternatively, I respectfully request that Your
3 Honor order Celsius to set things back to the way that they
4 should have been if Celsius had followed the terms of our
5 contract by closing my account, therefore, releasing the
6 assets back to me, and that you also instructed them to
7 compensate me for all expenses I have incurred in pursuing
8 this matter which include court fees, transportation, et
9 cetera. If the Court is going to deny this request of mine,
10 I ask that you allow me to pursue this matter in your court
11 room by using adversary proceedings, adversarial
12 proceedings. I would also humbly request that Your Honor
13 waives all the court fees for me as they are prohibitively
14 expensive since I'm a freshman in college and will help
15 slightly to even things out between me and the Debtors, the
16 UCC and anyone else objecting who have a world class legal
17 teams as well as all the expenses and stuff paid for by the
18 estate. Thank you, Your Honor, for this opportunity to
19 present my case.

20 THE COURT: Thank you, Mr. Frishberg. May I hear
21 from Debtor's counsel please.

22 MS. HOCKBERGER: Good morning, Your Honor. Heidi
23 Hockberger of Kirkland and Ellis on behalf of the Debtors.
24 So the Debtors and Kirkland Ellis were sympathetic to Mr.
25 Frishberg's hardship that he's suffering as a result of his

1 engagement with Celsius, but there are thousands of
2 similarly situated customers as Your Honor is well aware.
3 And customers shouldn't be allowed to jump the line ahead of
4 other customers and respectfully Mr. Frishberg is arguing
5 the merits of his claim, not grounds for lifting the stay.
6 And we believe that his lawsuit should again be resolved
7 along with other customer claims and all other litigation
8 claims, which would be in the best interests of all
9 creditors, if not in the best interests of Mr. Frishberg
10 himself.

11 THE COURT: All right, thank you very much. May I
12 hear from the Creditors Committee which also filed a
13 joinder.

14 MR. COLODNY: Hi, Your Honor. Aaron Colodny on
15 behalf of White and Case again. We echo the Debtors. We're
16 very sympathetic to the issues raised by Mr. Frishberg
17 because they are the same type of issues raised by all
18 account holders. Mr. Frishberg may have a claim against the
19 Debtors, he may have a very large claim against the Debtors,
20 but the proper place to assert that claim is in this Court
21 as he's done.

22 THE COURT: All right, thank you. All right. The
23 Court is going to take the matter under submission and issue
24 a written opinion or order. I expect it'll be fairly
25 rapidly. So thank you very much, Mr. Frishberg for

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1 appearing and arguing today. All right. Let's move on with
2 the agenda, the de minimus asset sale motion, ECF 189.

3 MS. HOCKBERGER: Yes, thank you, Your Honor. So
4 next item on the agenda is the Debtor's de minimus asset
5 sale, procedures motion at Docket Number 189. So following
6 Your Honor's comments at our second day hearing and lengthy
7 discussions with Ms. Cornell and her office, we believe we
8 resolved all objections. The other revised order filed at
9 Docket Number 664. So we heard Your Honor moments ago on
10 not knowing what constitutes a de minimus asset unless and
11 until the schedules are filed. Respectfully, we believe
12 that these helpful comments from Ms. Cornell helped to
13 address some of these concerns.

14 So first, one of the important changes that she
15 requested was limiting the procedures to sales where the
16 sale price is at least 30 percent of the book value of the
17 asset so that there's kind of a floor where the Debtors
18 aren't able to sell assets at sort of a bargain basement
19 price. And we also reduced the aggregate cap of de minimus
20 asset sales from 25 million to 15 million. So that the
21 procedures indicate that assets below \$300,000 sale price
22 can be sold without court approval for expediency purposes.
23 And then assets between 300,000 and -- oh I apologize I
24 misspoke. So assets below 300,000, there will be notice.
25 And between 300,000 and 4 million, there will also be notice

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1 filed on the docket and parties will have an opportunity to
2 object in any in any case.

3 THE COURT: Let me ask you. When I look very
4 quickly at the revised order, I can't remember which dollar
5 range, I don't have it right in front of me right now, it
6 was you were going to give notice to the Committee but not
7 to the U.S. Trustee. I want to be sure that this is
8 agreeable to the U.S. Trustee. I mean you sort of
9 bifurcated when would the Committee be given notice about
10 it, when would the Committee and the U.S. Trustee be given
11 notice about it?

12 MS. HOCKBERGER: Yes, Your Honor, in the most
13 recent revised order we filed, we've added the U.S.
14 Trustee's Office to that lower threshold.

15 THE COURT: Okay. All right. Ms. Cornell, do you
16 want to be heard?

17 MS. CORNELL: Thank you, Your Honor. Shara
18 Cornell on behalf of the Office of the United States
19 Trustee. Yes, we we've been working with counsel for the
20 Debtors and counsel for the Committee to resolve these
21 ongoing issues and we were able to come to a resolution
22 whereby we would get noticed. The threshold was added and
23 we would have a better understanding of the Debtors
24 marketing process. That was also added to the order so that
25 we can understand the difference between the book value and

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1 the sale value. I think that's also important. I'm happy
2 to answer any questions.

3 THE COURT: No, that's fine. I just wanted to be
4 sure you were you were on board with the latest iteration of
5 the order. Let me hear from Committees' counsel.

6 MR. COLODNY: Good morning. Your Honor, Aaron
7 Colodny from White and Case on behalf of the Committee. I
8 thing that's important, Your Honor, for any sale -- first of
9 all, the Committee will be consulted for any marketing
10 process. Any sale under \$300,000 will also be in
11 consultation with the Committee with notice to the United
12 States Trustee and then any sale over \$300,000, but less
13 than \$4 million, there will be a notice on the docket. And
14 we've agreed with the Debtors to what we believe is a robust
15 amount of information they need to provide so that anybody
16 that wishes to object to those sales can and will object.
17 In the last hearing, Your Honor mentioned this isn't office
18 furniture. It may be office furniture because they're
19 rejecting some leases, but it's also some other I would say
20 investments, equities, bonds, other things the Debtors hold.
21 We think that the consultation with respect to the marketing
22 process provides a safeguard on any action. The notice also
23 provides a safeguard and we think that this is an efficient
24 way to avoid some of the costs that would otherwise be
25 incurred with selling these minimal assets.

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1 THE COURT: All right. Does anybody else want to
2 be heard on the de minimus asset sale motion? I guess it's
3 styled as the de minimus asset sale motion, anybody else
4 want to be heard? All right. The Court grants the motion
5 with the revised order. I expressed earlier my concerns.
6 Until there are schedules, I don't know what the assets of
7 the Debtor are. I think the provisions on consultation with
8 the Committee are satisfactory way of addressing that issue
9 for now. So the motion is granted.

10 MS. HOCKBERGER: Understood. Thank you, Your
11 Honor. I'd now like to pass the podium to my colleague, Ms.
12 Alison Wirtz.

13 THE COURT: Okay. Ms. Wirtz, I guess the wage
14 motion is next, which is ECF 19.

15 MS. WIRTZ: Yes, that's correct, Your Honor. Good
16 afternoon. Alison Wirtz from Kirkland and Ellis on behalf
17 of the Debtors. As you may recall, the Debtors initially
18 sought to pay non-insider severance on a final basis under
19 the wages motion. The Committee and the U.S. Trustee both
20 filed formal objections to the wages motion. And while we
21 were able to resolve a number of the issues ahead of the
22 second day hearing, we adjourned this narrow issue for
23 today.

24 Following the hearing, discussions continued and
25 we provided additional information to the Committee and the

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1 U.S. Trustee including copies of the separation agreements
2 for all former employees that we seek to pay severance. To
3 supplement the evidentiary record, the Debtors filed
4 declaration of Mr. Robert Campagna, managing director of
5 Alvarez and Marsel at Docket Number 636. Mr. Campagna is on
6 the line with us this afternoon --

7 THE COURT: Why don't you offer the declaration
8 into evidence?

9 MS. WIRTZ: Yes, Your Honor. I would like to move
10 his declaration into evidence at this time.

11 THE COURT: ECF docket number?

12 MS. WIRTZ: 636.

13 THE COURT: All right. Any objections? All
14 right. Campagna declaration is admitted into evidence.

15 (Campagna declaration admitted into evidence)

16 THE COURT: Go ahead, Ms. Wirtz.

17 MS. WIRTZ: Thank you, Your Honor. We believe
18 that we've tailored our request to claims for severance to
19 only those that arose within 180 days of the bankruptcy
20 filing and have capped such payments at \$15,150 per former
21 employee which is the statutory cap under 507(a)(4).

22 So we believe these claims are all priority claims
23 and we are just seeking to pay these earlier rather than at
24 the end of the cases. Paying these obligations is good for
25 employee morale, et cetera, as further discussed in our

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1 papers. One brief item to note, we did receive an objection
2 of Odette Wohlman. This was filed at Docket Number 613.
3 She is a former U.K. employee. And in response to that, we
4 clarified that we're seeking to pay her notice pay that
5 she's entitled to under UK law. This amount is roughly 7212
6 pounds and so it is under the statutory cap. Ahead of the
7 hearing, we filed a proposed order at Docket Number 663 that
8 covers the severance notice pay and reflects comments from
9 the Committee. The U.S. Trustee also signed off on the
10 order. Accordingly, we respectfully request entry of the
11 severance order.

12 THE COURT: All right. Ms. Wohlman, have you,
13 have you appeared today?

14 MS. ADLER: Good morning, Your Honor. It's Susan
15 Adler attorney for the former employee, Odette Wohlman. I'm
16 having some issues with my video, so I'd like to appear
17 telephonically. May I go ahead?

18 THE COURT: Yes, go ahead.

19 MS. ADLER: Thank you. On behalf of Mrs. Wohlman,
20 we filed a limited objection on August 25th, 2022, ECF
21 Document 613. Ms. Wohlman was terminated in April of 2022
22 while she was undergoing cancer treatments. She never
23 signed a separation agreement with the Debtors but my
24 understanding is that there was some back and forth between
25 her lawyers in the U.K. as well as Celsius. She had

1 indicated that she was prepared to sign the separation
2 agreement immediately in order to participate in the non-
3 insider severance program, which would have called for a
4 payment of approximately 48,000 pounds, but I was advised by
5 the Debtors that they weren't prepared to provide her with
6 that even if she signed the agreement today, but they were
7 prepared to ahead with the notice pay which is 7212 pounds.

8 Now the Debtors had sought in their motion to make
9 payments to former -- originally in their motion, 19 former
10 employees in the amount of 409,000. Those -- the employees
11 were not disclosed. So we didn't know whether Mrs. Wohlman
12 was even included in that payment. I was able to clarify by
13 email with Debtor's counsel that, you know, that they would
14 provide the notice pay. Now I understand that the number of
15 former employees has dropped 10, but, you know, as I stated
16 in the objection, Mrs. Wohlman is undergoing cancer
17 treatments and in need of the severance payment and that we
18 would respectfully request that the Court require the
19 Debtors to pay her her severance amount in the proposed
20 agreement, in the proposed agreement and that she'd be able
21 to execute it.

22 THE COURT: All right. Does the Debtor want to
23 respond?

24 MS. WIRTZ: Your Honor, Alison Wirtz from Kirkland
25 and Ellis on behalf of the Debtors. Just in in response to

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1 this, while we are sympathetic to Ms. Wohlman's health
2 situation, she did not sign a separation agreement prior to
3 the petition date. So therefore, we don't believe she has a
4 valid prepetition severance claim. However, we still, as
5 Ms. Adler noted, we are still proposing to pay the
6 statutorily required notice pay.

7 THE COURT: All right. Well, the motion is
8 granted that the Wohlman objection, limited objection is
9 overruled, but nothing in the Court's ruling deals with any
10 right or claim that Ms. Wohlman may have. So really the
11 issue is, does her objection support denying the other
12 employees their severance? And the answer for the Court is
13 no, it does not. But nothing in my ruling resolves any
14 matter between Ms. Wohlman and the Debtor, Debtors.

15 MS. ADLER: Thank you, Your Honor. May I be
16 excused?

17 THE COURT: Absolutely.

18 MS. WIRTZ: With that, Your Honor, if I may, I
19 will turn the podium over to my colleague, Mr. Kwasteniet.

20 THE COURT: Thank you.

21 MR. KWASTENIET: Thank you, Your Honor, Ross
22 Kwasteniet again from Kirkland and Ellis. I believe that
23 the only remaining items on the agenda for today are the
24 professional retentions. The professional retentions were
25 all subject to an omnibus objection by the U.S. Trustee's

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1 Office raising, I believe the same or substantially the same
2 issue with respect to each application, namely that with
3 respect to customer names and various other individual names
4 in the schedules, right, of the parties that we searched for
5 conflict purposes. We redacted names in what we filed
6 pending Your Honor's ruling on the overall sealing motion
7 that was heard earlier today. So with Your Honor's
8 permission, I think what makes the most sense given that the
9 sealing motion and ability to redact names has been
10 discussed at length and will be continued to the next
11 hearing, that we similarly continue the professional
12 applications and I think we will be prepared to submit them
13 either way with names redacted or nonredacted. Again, I
14 believe that all other objections other than the sealing of
15 individual names on the schedules have been resolved. So
16 rather than submit revised retentions today with the names
17 in case Your Honor can be persuaded about redacted names
18 next week or next hearing, we'll hold off with Your Honor's
19 permission and reset those for next week but, again, other
20 than the redaction issue which can go either way and we'll
21 comply with Your Honor's ruling, obviously, I believe the
22 retention applications have been otherwise resolved and are
23 not objected to.

24 THE COURT: Let me ask Ms. Cornell, other than the
25 sealing issue, are the retention applications resolved?

1 MS. CORNELL: Shara Cornell and behalf of the
2 United States Trustee. Yes, Your Honor. And I would just
3 like to say that we have done extensive communications with
4 all of the Debtor's professionals on these matters. So
5 thank you.

6 THE COURT: Ok.

7 MR. KWASTENIET: Yes, Your Honor, we can get into
8 it next hearing, but the advisors have filed revised
9 supplemental declarations and have agreed to certain
10 modifications to the retention orders. And we appreciate
11 Ms. Cornell and her office's, you know, hard work with us to
12 get those into shape.

13 Your Honor, in closing, one last comment if I may,
14 and I say this only because my colleague Mr. Nash is not
15 here today. He is dropping his --

16 THE COURT: He doesn't have to defend himself.

17 MR. KWASTENIET: Okay, if I may for 20 seconds,
18 Your Honor. Just for the record, he's dropping his daughter
19 off at college today for the first time. He's not hiding
20 out from Mr. Frishberg or anybody else. I believe that Mr.
21 Nash and Mr. Frishberg had some email correspondence. I
22 would put that under the category of no good deed goes
23 unpunished and to Your Honor, and to the extent that Your
24 Honor is interested, I wanted to clear that up.

25 THE COURT: Stop. I don't want to get into it.

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1 MR. KWASTENIET: Fair enough.

2 THE COURT: Anything else for today?

3 MR. KWASTENIET: Nothing else for today, Your
4 Honor. Thank you very much.

5 THE COURT: All right. Thank you very much to
6 everybody and we are adjourned.

7 MR. KWASTENIET: Thank you.

8 (Whereupon these proceedings were concluded at
9 12:47 PM)

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1 C E R T I F I C A T I O N

2

3 I, Sonya Ledanski Hyde, certified that the foregoing
4 transcript is a true and accurate record of the proceedings.

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Sonya M. Ledanski Hyde

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8 Sonya Ledanski Hyde

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